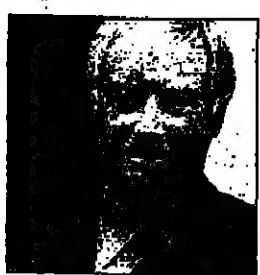


Trade-offs

'The abortion issue is arousing such emotions that the smooth functioning of US foreign policy is threatened'



Patten curve

'The last Hong Kong governor's trip into the stratosphere has given him a re-entry problem'



APRIL 11 / APRIL 12 1998



Bordeaux blues

'The trade is faced with selling the new 1997 vintage, which is neither great nor an investor's dream'



Farewell to skis

'It was never going to be a classic winter, but face-saving snowfalls came along just in time'

# Clinton intervention helps win historic peace deal for Ulster

Dramatic breakthrough in multi-party talks ushers in new era after years of violence

By John Murray Brown, David Wighton and Jimmy Burns in Belfast

A dramatic personal intervention by President Bill Clinton in the Northern Ireland peace talks yesterday allowed the British and Irish governments to secure a historic peace agreement, overcoming last-minute wrangles on the issue of paramilitary arms.

Tony Blair, the UK prime minister, telephoned Mr Clinton to ask him to offer reassurance to the participants after the pro-British Ulster Unionists called for tougher guarantees that the IRA would have to decommission its arms before Sinn Féin, its political party, could take its place in the proposed assembly.

Mr George Mitchell, the former US senator chairing the talks, said President Clinton had called him at 3.15am to offer his help to broker an agreement. "I kept encouraging him to go to bed, he said 'No, this is important to me'. He has played a crucial role in securing the deal."

After hours without sleep,

delegates to the multi-party talks greeted the breakthrough amid emotional scenes. It was at 5.36pm that Mr Mitchell announced at Stormont, on the outskirts of Belfast, that agreement had been reached.

However, Martin McGuinness, Sinn Féin's chief negotiator, said "Sinn Féin has not signed up to anything." He added his party would examine the document to see if it moved us "decisively in the direction of a united Ireland."

But at the end of a dramatic day, Mr Blair told

INSIDE

Special reports, reaction and accounts to the breakthrough Page 4  
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reporters. "I believe today courage has triumphed. I said when I arrived here on Wednesday night that I felt the hand of history upon us. Today, I hope that the burden of history can at long last start to be lifted from our shoulders."

"It will take more of the courage we have shown, but it needn't mean more of the pain."

Bertie Ahern, the Irish prime minister, said: "As a result of this agreement we will begin to cross many important areas - a process of continuing change on the ground."

"Equality, co-operation and partnership threatening nobody."

Earlier, Mr Clinton had telephoned Mr Ahern, David

Trimble, leader of the Ulster Unionist party and Gerry Adams, president of Sinn Féin, to stress "just how much people want this to happen". Mr Blair's official spokesman said.

Mr Blair later praised Mr Clinton for his "unwavering support and commitment to peace."

The UK prime minister said the agreement ensured that "those who wish Northern Ireland to remain in the UK can have that wish fulfilled so long as a majority in Northern Ireland desire it. The breakthrough is that it is now accepted plainly by all, north and south."

He added that those who espoused a united Ireland could make their case by persuasion, not violence or threat.

"On behalf of the Irish government, I look forward to closer and stronger links with the islands of Ireland and to developing further the excellent relationship between Britain and Ireland," said Mr Ahern.

On the eve of the annual commemorations of the 1916 Easter Rising against British rule, Gerry Adams paid tribute to "all the men and women who created the opportunities" to make the peace process work - a reference to the IRA.

Describing it as a "phase in the struggle", Mr Adams said he would now consult the party's executive before deciding whether to endorse the document.

The agreement is now to be sent to every home in



'Courage has triumphed': Irish premier Bertie Ahern (left) and his UK counterpart Tony Blair

Northern Ireland, paving the way for a referendum on May 22 north and south of the border. John Hume, leader of the moderate nationalist Social Democratic and Labour party, urged people to come out in strength in the twin referen-

dums. Gary McMichael, leader of the Ulster Democratic party, said the union with Britain was stronger than ever.

Ian Paisley, leader of the Democratic Unionists, which boycotted the talks when Sinn Féin joined the

process - accused Mr Trimble of "joining the pan-nationalist front", warning the unionist electorate would not accept it.

Monica Williams, of the Women's Coalition, said: "We have interrupted the culture of failure."

## Tokyo props up yen by heavy dollar sales

By Gillian Tett and Michiko Nakamoto in Tokyo and Gerard Baker in Washington

The Bank of Japan intervened heavily in the currency market yesterday in an attempt to stop the fall in the yen and boost confidence in the country's troubled economy.

The move came a day after Ryoichi Hashimoto, Japan's prime minister, announced details of an economic stimulus package worth ¥16,000bn (\$125bn), which includes ¥4,000bn of new income tax cuts and more public spending. The Bank of Japan refused to reveal the scale of its dollar sales, but some currency dealers estimate the intervention amounted to at least \$4bn.

The action, taken by Tokyo alone and not part of an effort by the world's leading economies to stabilise foreign exchange markets, pushed the dollar down against the yen from the day's high of ¥121.55 to a low of ¥127.4.

Robert Rubin, US Treasury secretary, welcomed the Japanese intervention, although a Treasury official later said "US exchange rate policy is unchanged." The fiscal measures are intended to prevent Japan from slipping into recession and to offset mounting criticism, notably from the US, that Japan is not doing enough to boost domestic demand.

Mr Hashimoto said: "I have decided to introduce the new economic measures necessary and sufficient to restore confidence inside and outside the country."

Mr Rubin noted the absence of firm policy details, which will not be decided until later this

month. "What is crucial is that Japan moves quickly to put in place a strong programme," he said.

Finance ministers and central bank governors from the Group of Seven leading industrialised countries meet in Washington next week and Japan is set to be the main topic on the agenda.

The markets yesterday reacted warily to the Japanese package. The Nikkei 225, the key stock market indicator, fell 0.34 per cent to close at 16,481.12. The yen started to weaken after Thursday's announcement, before the central bank stepped in.

On Thursday in New York the Federal Reserve sold large amounts of dollars on behalf of the Bank of Japan, but officials said the Japanese actions were not part of co-ordinated currency intervention.

Mr Hashimoto said he saw no need "to bear responsibility" for abandoning his earlier commitment to cutting the fiscal deficit this year.

Nevertheless, his announcement amounts to a policy U-turn and raised calls for his resignation. "It is a major reversal of policy and he should take political responsibility," said Naoto Kan, leader of the main opposition Democratic party.

Mr Hashimoto said the best way to clarify his responsibility was "to seek the judgment of the people". His comment triggered speculation that he was considering dissolving the lower house of parliament.

Hashimoto's gamble, Page 3  
Art of recession, Page 7  
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### News General

#### Yeltsin renominates Kiriyeenko

Russian president Boris Yeltsin raised the stakes in the country's latest political stand-off by immediately renominating Sergei Kiriyeenko as a prime ministerial candidate after his rejection by the lower house of parliament. Political observers said he stood a good chance of being approved in the second vote. If parliament rejects Mr Yeltsin's nominee twice more, it will be dissolved. Page 2

#### France drops Horus satellite venture

France is abandoning its planned FF15bn (\$2.4bn) radar-based Horus observation satellite programme in a fresh setback for Franco-German defence co-operation. The project was to have had 40 per cent funding from France and 60 per cent from Germany. France is seeking defence savings of FF20bn over four years. Page 2

#### Swiss chocolate industry faces threats

This weekend 7m Swiss will eat around 15m chocolate bunnies at up to SF68 (\$45) apiece. At first sight, the country's chocolate industry looks in good shape, but unwarp the statistics a little, and it is clear it faces serious threats. Page 23

#### Diplomatic hopes pinned on wrestling

Following the US wrestling team's warm welcome at the Takhti Cup competition in Tehran in February, the Iranian team came to the US this month to compete in the World Cup of amateur freestyle wrestling. The competitions have been likened to the table tennis diplomacy that led to the normalising of relations between the US and China. Page 2

#### The cult of gigantism

The combined market value of Citicorp and Travelers rose by \$30bn last Monday when the two US financial giants announced their proposed merger. That euphoric welcome carried a message that will surely not have been lost on other chief executives - big is beautiful, and these days, big just keeps getting bigger. Page 7

### News Business

#### Northrop investors call on GEC

Shareholders in US aerospace group Northrop Grumman are urging UK electronics and defence group GEC to enter takeover talks as fears grow that the proposed \$9bn takeover of Northrop by US defence group Lockheed Martin will be blocked. But GEC executives are said to doubt that Northrop is prepared to put at risk its proposed link up with Lockheed by talking to GEC now. Page 24; GEC Alstom deal, Page 22

#### Cable and Wireless plan link with Telecom Italia

Cable and Wireless of the UK and Telecom Italia are in talks which could lead to the formation of the world's second largest carrier of international telecommunications traffic. The proposed alliance would replace a similar alliance the Italian group had envisaged with AT&T of the US. Page 24; Merry-go-round spins again, Page 22

#### European markets hit by pre-Easter profit taking

European stock markets were little changed on the week, with the FTSE Eurotop 300 index closing at 1,243.87 on Thursday, up 5.52 points on the day and 5.25 on the week. Several markets hit new highs early in the week, helped by bid rumours in the banking sector, but fell back in pre-Easter profit taking. Milan, which was open yesterday, rebounded. London stocks, Page 17; World stocks, Page 21; Markets, FT Weekend Page XXII

#### KPN prepares to take \$250m charge

Dutch posts and telecommunications utility KPN faces a profits decline after saying it would take a charge of between FI 500m (\$250m) and FI 800m to cover job cuts. The announcement came as the group reported annual net profits 9.3 per cent ahead at FI 2.89bn. Page 23

#### London merchant bank in Hungarian rescue

A group of investors led by London-based merchant bank Singer & Friedlander plans to buy a large stake in Hungarian bank Postabank, which looked close to collapse last year after a run on deposits by its customers. The deal involves the exchange of some \$300m in debt owed to Hungary by Russia. Page 22

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## WORLD NEWS

## Stakes raised as MPs snub Kiriyenko

By John Thornhill in Moscow

President Boris Yeltsin yesterday raised the stakes in Russia's latest political stand-off by immediately renominating Sergei Kiriyenko as a prime ministerial candidate after his rejection by the lower house of parliament.

In spite of the formal opposition of most of the main parties to Mr Kiriyenko's candidacy, the 35-year-old nominee received 149 votes in the secret ballot. Political observers said he had won

more support than expected and now stood a good chance of being approved in the second vote, which will be held next week.

Mr Kiriyenko needs the backing of at least 226 of the 450 MPs to be confirmed in his post. If parliament rejects Mr Yeltsin's nominee twice more, it will be dissolved.

Alexander Shokhin, head of the Our Home is Russia faction, which supported Mr Kiriyenko, said it was already clear that some MPs - including the Communists

- had broken with their parties' official positions.

"If all the parties voted as their leadership said, Kiriyenko would have had a lot fewer votes," he said, suggesting the parliamentary opposition could crumble.

In a national radio address yesterday morning, Mr Yeltsin said Mr Kiriyenko was the only candidate he would submit to parliament and urged MPs to approve him quickly to avoid further damage to the economy.

Mr Kiriyenko "is a professional manager who can

work as part of a team. He shuns self-promotion and cheap populism," Mr Yeltsin said. "Kiriyenko thinks fast and counts well."

In a frank and forceful speech to parliament yesterday morning, Mr Kiriyenko said his most important tasks would be to ease Russia's "critical" social strains, stimulate growth in the economy, and tackle the "moral crisis" which had undermined faith in the government.

"Today more than 32m people, about one quarter of

the Russian population, have incomes below the official minimum subsistence level. That is the main question that we must all answer," he said.

Mr Kiriyenko, who was a surprise choice to be nominated as prime minister given his limited cabinet experience, painted a bleak picture of the economy, saying that the growth recorded over the past few months had petered out and that industrial investment continued to decline.

The fall in world oil prices

and the higher interest rates resulting from the Asian financial crisis had also squeezed Russia's public finances, he said. Thirty per cent of government budget expenditure was spent on servicing Russia's internal and external debts.

In an aggressively reformist speech, Mr Kiriyenko said he would strengthen the role of the state in the economy, defend the value of the ruble, squeeze the "grey" economy for more tax revenues, and press ahead with the privatisation programme.

## NEWS DIGEST

## 'CIRCUIT BREAKER' RULES EASED

## Wall St to fall 10% before triggering halt in trading

Wall Street regulators yesterday announced that the Dow Jones Industrial Average would be allowed to plummet by 10 per cent - nearly 800 points, based on Thursday's close of 8,994.86 - before stock market trading would be halted in an effort to avert panic.

Previously, trading was halted after a 350-point fall. The Securities and Exchange Commission said the new rules reflected the original intent of the so-called "circuit breakers" - that they only be triggered "during a severe one-day decline of historic proportions".

The old rules, introduced after the stock market crash of 1987, halted trading for varying durations after 350 or 500 point falls. But those levels were widely seen as too small after a relatively small percentage decline in the Dow halted trading for the first time last October.

Under the new rules, which come into effect on Wednesday, a 10 per cent decline in the Dow will cause a one-hour break in trading if it happens before 2pm. Between 2pm and 2.30pm, it will cause a half-hour break, and from 2.30pm to the 4pm close, it will not halt trading at all.

A 20 per cent fall in the Dow will cause a two-hour break if it happens before 1pm. Between 1pm and 2pm, it will bring a one-hour break, and after 2pm, it will halt trading for the rest of the day. A 30 per cent fall at any time will halt trading for the rest of the day. Richard Tomkins, New York

## US INFLATION PROSPECTS

## Producer prices down 0.3%

US producer prices fell 0.3 per cent in March, the sixth straight month that no increase was reported, according to figures from the Labor Department. The news, which was warmly received on Wall Street, confirms the continued benign inflationary climate in US and reduces the likelihood of any increase in interest rates by the Federal Reserve.

The most important factor in the decline was a continued fall in energy costs, which dropped 1.9 per cent, partly because of unseasonably warm weather generated by the El Niño phenomenon in the Pacific. Computer prices fell 1.9 per cent, reflecting a fall in prices of Asian imports because of currency depreciations in many countries. Mark Suzman, Washington

## BIOLOGICAL WEAPONS

## Iraq 'concealing information'

Iraq is concealing the scope of its biological weapons, but has provided information on its nuclear programme, according to two reports by international experts. The reports, released on Thursday, came as Richard Butler, chief UN weapons inspector, put the finishing touches on a six-month review of Iraq's co-operation with the UN commission charged with dismantling Baghdad's arsenal of deadly weapons (Unscorn).

A report on Baghdad's nuclear programme compiled by UN experts from the International Atomic Energy Agency found no new evidence of nuclear weapons in 211 inspections.

In contrast, Baghdad's disclosure on its biological programme was "judged to be incomplete and inadequate" by experts from 15 countries. The experts said a report issued by Baghdad in September which Iraq hailed as a "full, final and complete" assessment of its weapons programme "contains major mistakes, inconsistencies and gaps in information". Laura Silber, New York

## YUGOSLAV ECONOMY

## Leading reformer quits

The resignation of Yugoslav deputy prime minister, Danilo Djuric, has confirmed fears that President Slobodan Milosevic has abandoned intentions of serious economic reforms and will set back attempts to reschedule the country's commercial debt, bankers said yesterday. Mr Djuric, a leading reformist who headed the Yugoslav team in talks with the London Club of commercial creditors, resigned on Thursday citing a lack of progress in reforming the state-controlled economy.

Yugoslavia's commercial debt traded on the secondary market has fallen to 24 cents from 34 cents in recent weeks, partly because of the threat of further sanctions in response to unrest in Serbia's southern province of Kosovo. Jerome Booth, of ANZ Investment Bank in London, predicted a further slide below 20 cents.

Bankers said Telecom Italia and OTE of Greece, which hold a combined 48 per cent stake in Telecom Serbia, had frozen plans to invest more than DM200m (\$110m) this year because of Yugoslavia's worsening economy. Guy Dinmore, Belgrade

## POLISH COALITION

## Health reforms agreed

Poland's centre-right government has agreed a framework for health service reforms which had threatened to divide the coalition. Leszek Balcerowicz, finance minister and leader of the pro-business Freedom Union (UW), had refused to accept future funding levels demanded by the Solidarity Electoral Action (AWS), the senior coalition partner.

Under the deal, Mr Balcerowicz has conceded that health spending would rise by around \$400m next year. This is significantly less than the \$1.5bn, or around 1 per cent of GDP, that the AWS had wanted. However, in return, the finance minister agreed to accept the AWS's cherished proposal for the population's health care bills to be settled with both private and public hospitals and clinics by regional "Health Funds". Christopher Bobinski, Warsaw

## SOLIDARITY SETBACK

## Ten-day copper strike ends

A 10-day strike at Rudna, the largest mine in Poland's listed KGHM combine and accounting for 3.5 per cent of world copper output, ended on Thursday with the Solidarity trade union failing to make headway over demands for changes in the company's labour restructuring plans.

The stoppage was the first since the company's privatisation last summer. The protest ended after unions at KGHM's two other copper mines failed to back Rudna and management agreed to a joint review of the company's cost-cutting plans. These centre on moving 3,000 employees out of 21,000 to lower-paid jobs in company-owned subsidiaries over the next three years. Christopher Bobinski

## INVESTMENT IN IRAN, LIBYA

## Malaysia defiant on sanctions

Malaysia has said that the state of company Petronas will continue to invest in Iran and Libya despite the threat of US sanctions. Washington is considering sanctions against Petronas for a planned \$2bn joint gas venture in Iran and US officials have been exerting pressure on Petronas to pull out the project. Sheila McNulty, Kuala Lumpur

## France drops satellite project

By Ralph Atkins in Bonn and David Owen in Paris

France is abandoning a planned FF15bn (\$2.4bn) observation satellite programme in a fresh setback for Franco-German defence co-operation.

The decision to drop the radar-based Horus project, which was to have had 40 per cent funding by France and 60 per cent by Germany, was announced this week by Alain Richard, the French defence minister, as part of measures to yield FF200bn of savings over the next four years.

Mr Richard said the decision followed indications from Bonn that it did not wish to go ahead with the project. He emphasised that France would proceed with the Helios 2 infrared satellite programme, which was to have been built with German participation but is now going ahead with Italian and Spanish support.

The German government said it respected France's decision on Horus and acknowledged budget pressures had already forced it to pull back from original plans.

However, Bonn said it remained committed to realising "the joint goal" of a space-based observation system and talks would continue on how development could proceed.

The Horus announcement came within a week of the delaying of a long-awaited announcement by France, Germany and the UK to reveal the winners of a tender to build a "battlefield taxi". A decision on the multi-role armoured vehicle is expected soon.

Helmut Kohl, the German chancellor, and Jacques Chirac, the French president, agreed at a summit in Baden-Baden in December 1995 to co-operate in developing a joint satellite programme. However, the German defence budget was squeezed by the country's determination to remain part of the expensive Eurofighter programme, which France is not participating in, and it was agreed Bonn would delay payments to the French-led Helios 2 project.

The Horus project, which was in the early stages of planning, was not expected to be operational until well into the next century.

France's announcement is a setback for Daimler-Benz Aerospace (Dasa), which would have been the prime contractor for the project.

Dasa is in talks with the Bonn Defence Ministry about developing a less expensive but lower-quality alternative to Horus.

## WAR CRIMES TRIAL SHIFTING POLITICAL SANDS LEAVE THE FORMER BOSNIAN SERB LEADER MORE ISOLATED

## Karadzic 'negotiating terms of surrender'

By Guy Dinmore in Belgrade

Radovan Karadzic, the former Bosnian Serb president charged with war crimes, is negotiating the terms of his surrender for trial by the United Nations tribunal in The Hague, western diplomats said yesterday.

Although pressure is mounting on Mr Karadzic to come out of hiding, some western officials cautioned that reports he might hand himself over within weeks could be premature. "There have been false alarms before," said one senior envoy.

However, Elisabeth Rehn, the UN envoy in charge of Bosnia's multinational police force, described Mr Karadzic's position as "precarious" and said she believed he would be in custody "quite soon".

Mr Karadzic is far more isolated than a year ago. His

once all-powerful Serb Democratic party no longer heads the government in the Serb-controlled half of Bosnia; his successor as president, Biljana Plavcic, has allied herself with the international community; and his special police forces are being disbanded by Nato.

The role of Slobodan Milosevic, the president of federal Yugoslavia, will be crucial. Diplomats said Mr Milosevic could use the surrender of his former ally to avert the threat of further international sanctions against Belgrade in response to the Serb police crackdown on ethnic Albanian separatists in Kosovo province.

But if the Bosnian Serb leader during the 1992-95 civil war was to go on trial on charges of genocide and crimes against humanity, he could well incriminate senior figures in Belgrade, including Mr Milosevic himself.

Serbian lawyers advising the former president say he is convinced of his innocence and, as a political leader, does not hold himself responsible for atrocities allegedly committed by the Bosnian Serb armed forces.

The French newspaper Le Monde cited intelligence sources as saying that Mr Karadzic had left his heavily guarded residences in the mountain village of Pale, near Sarajevo, and may have taken refuge outside Bosnia, possibly in Belarus.

But diplomats in Belgrade said they believed Mr Karadzic was still in Bosnia.

Nato troops have seized several Bosnian Serb war crimes suspects over the past nine months, but an operation to snatch Mr Karadzic risks casualties and reprisals and could even destabilise the new pro-western government in the Bosnian Serb entity.



Radovan Karadzic under pressure to come out of hiding

## Amateur wrestlers get to grips with a thaw in US-Iran hostilities

Heather Bourbeau reports on a sporting event that has been likened to the 'ping-pong diplomacy' of the 1970s

Stillwater, Oklahoma, is a town that has more pages in its local newspaper dedicated to religious announcements than to daily news, where the high school wrestling schedule is posted in fast food outlets. And where one can watch the greatest show in Iran-US relations in 20 years.

Following the US wrestling team's warm welcome at the Takhti Cup competition in Tehran in February, the Iranian team came to the geographical centre of the US earlier this month to compete in the World Cup of amateur freestyle wrestling.

The US team by US athletes since the 1979 revolution and seizure of the US embassy in Tehran. US hostages were held for 44 days and diplomatic ties between the two countries were broken.

"Sports allows for communication with all the countries in the world," said Iranian team captain Abbas Jafidi. "You get friendly and athletic relationships. The sports world is a lot cleaner and better than the political world. The US athletes have seen first-hand how good the Iranian people are."

Despite the Iranian wrestlers' desire to separate politics and sports, however, the decision to compete again in the US was political and fol-

lowed a call earlier this year from their new president, Mohammad Khatami, for a cultural exchange between the two countries.

But while the reception given the US team by the hater of the "Great Satan" was described as "rapturous", the US welcome was discourteous at best.

On landing in Chicago, the Iranian team was finger-printed and photographed. The 21-member delegation was shocked and offended. "We were invited to this tournament and we were your guests," said wrestler Mohammad Talebi. The behaviour had upset the team, he added.

Understanding the symbolic importance of the team's arrival and of their treatment, the State Department and USA Wrestling, the sport's governing body, were quick to apologise.

"This is an incident that strikes me as not exactly welcoming, and it has been part of some existing security regulations," said Madeleine Albright, US secretary of state, last week. "We very much welcome the kind of cultural exchange that is represented by this wrestling team and I will make it a point of looking into regulations that undercut our desire to move forward in this respect."

In the small, half-filled gymnasium in Stillwater, politics came second to the sport. One would expect that, with the passion for the sport in the town, most fans would be locals, but the opposite was true. Iranians living in the US had driven for 16 hours and flown from California to cheer their team at the first match. Some had travelled from Canada.

Although the sport is not popular in the US, wrestling is the national sport of Iran, rivaling soccer in popularity. Beneath the US flag at the tournament was an Iranian flag, four times larger, draped across the seats.

Enthusiastic fans were cheering in Farsi and pounding traditional drums. Iranian-American children were waiting near the team's dressing room to get autographs of their favourite wrestlers.

"These people have come from everywhere. It's a way of showing our children their culture," said Pejman Fadaian, a student who flew from San Diego and took a taxi for the 65-mile journey from Oklahoma City airport.

The wrestling competitions have been likened to the "ping-pong diplomacy" of the 1970s that led to the normalising of relations between the US and China. "We didn't go to Iran with the idea of improving relations. There is a genuine

respect and desire by each team to compete with each other," said Larry Schacchitano, president of USA Wrestling. "But if the results can be the same [as with China], then this is good."

The Russian and US teams were favoured to win, but the Iranians gave them a run for their money, easily winning against Japan and Germany. When Iran went up against the US at the end of the first night of competition, the silver medal was at stake. On display were the formidable talents of Mr Jafidi, Ali Reza Heydari, rated the most technically gifted wrestler in the world, and world champions Lincoln McIlwray and Dan St John from the US.

Cultural differences, however, were not entirely erased. The lone female referee, respected by all teams, did not judge the round but was moved to the German-Japan match.

Although the Iranian team had no objections, Iranian television might have refused to broadcast any segment with her in it, ensuring fans in Iran were deprived of the most exciting match of the tournament.

In the end the Russians, who brought their second-string players, took the gold, beating the US in the final round. But the Iranian and US teams are already preparing for the rematch at this year's world championships, to be held in September in Tehran.

## MIDEAST CONFLICT DETENTION COULD AGGRAVATE RIFT OPENED UP BY BOMBER'S DEATH

## Palestinians hold Hamas leader

By Judy Dempsey in Jerusalem

The Palestinian Authority has detained senior members of Hamas, the Islamic resistance movement, in a move that could trigger open conflict.

The decision to detain Abdul Aziz Rantisi, a Hamas leader and the organisation's spokesman in Gaza, was made just days after the authorities claimed Muhi al-Din Sharif, a leading bomb manufacturer, had been killed by Hamas members during an internal dispute.

Mr Rantisi brushed aside such claims and alleged the authority was involved in Mr Sharif's death. A video tape released by Hamas to

news agencies this week showed a masked Hamas official denying charges by the authority that the movement had shot Mr Sharif.

The authority, sensitive to any criticism or challenge to its powers, reacted quickly. Ghazi al-Jabali, Gaza police chief, said Mr Rantisi had been detained for "delivering statements that attacked the Palestinian Authority". The authorities also insisted their security forces and Israel had nothing to do with the killing, a clear attempt to prevent Hamas from taking revenge on civilian targets in Israel.

Terrorist attacks would complicate the peace process even further and would

ensure Benjamin Netanyahu, Israeli prime minister, took an even tougher stance in negotiations with Yasser Arafat, the authority's president.

The claims by Hamas and the Palestinian Authority are further evidence of the long struggle between the two groups. Palestinian experts say that, since the peace process is stalled, Hamas could force Mr Arafat into a corner.

But there is a dispute within Hamas itself, as its political and military wings argue over the role of terrorism as a tool to destroy the peace process. In this respect, the role of Ahmed Yassin, the founder and spir-

itual leader of Hamas, who was released last year from an Israeli prison, will be crucial for establishing the movement's future strategy.

The debate within Hamas arose in late 1995, when its political movement in Gaza challenged the role of "outsiders", particularly the military wing from neighbouring Jordan which was responsible for issuing instructions for terrorist attacks to cells in the West Bank and Gaza.

Sections of the political wing have said they are against violence. They have increasingly focused their attention on a network of social welfare institutions and building a power base in universities.

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NOTICE

مكتبة العصر



## Tokyo markets begin to suffer 'package fatigue'

Gillian Tett reports on the likely impact of the latest ¥16,000bn stimulus package on Japan's economy

It was billed as Japan's biggest ever economic package. Yesterday, though, the market yawned.

As traders digested the government's latest ¥16,000bn (\$125bn) stimulus package, the Nikkei 225 closed on Friday at 16,481.12 - some 55 points down on the day.

The reaction partly reflected "package fatigue". The measures, announced late on Thursday, are the sixth high-profile announcement that the ruling Liberal Democratic party (LDP) has made since late October.

They are also one of a string of "stimulus" measures introduced this decade.

Furthermore, the ¥16,000bn number is not entirely new: Ryutaro Hashimoto, the prime minister, first pledged last month that he would use ¥16,000bn to boost the economy, without supplying details. Indeed, even now it is unclear precisely how the ¥16,000bn will be spent: final decisions about the breakdown of the package will not be made until later this month, LDP officials say.

But though the markets might have been frustrated, this does not tell the entire tale. For the latest package is certainly bigger than expected, surpassing even the ¥14,000bn package unveiled in 1995. And if implemented, it could poten-

## Japan's economy: more medicine

- Oct 21: LDP unveils package of steps to boost economy, including deregulation but no spending commitments.
- Nov 18: a second package provides more details about the planned deregulation, covering areas such as the property market.
- Dec 17: third package includes ¥2,000bn "temporary" income tax cut.
- Feb 4: parliament passes extra budget for fiscal year 1997, which finances the ¥2,000bn income tax cut.
- Feb 28: LDP releases fourth economic package, including promises to let businesses reinvest lost holdings and reinvest in facilities corporate are to buy back.
- Mar 28: Hashimoto announces a fifth ¥16,000bn stimulus package but does not supply details of how the money will be spent.
- Apr 8: Hashimoto announces ¥4,000bn income tax cuts and plans to introduce ¥10,000bn next fiscal spending, as part of the ¥16,000bn package.

tially provide quite significant short-term boost to growth later this year - and stave off outright recession.

As Richard Jervis of ING Barings, one of the most optimistic economists in Tokyo says: "We think that a fiscal stimulus amounting to 3 per cent of gross domestic product will deliver growth close to the government's target of 1 per cent for fiscal 1998."

One reason for optimism is that Mr Hashimoto has pledged ¥4,000bn new income tax cuts: ¥1,000bn of these will occur in fiscal 1998, probably in June - or just before a crucial upper house election for the Japanese parliament, and a further ¥3,000bn will then be implemented in fiscal 1999, at an undisclosed date.

This should boost spending: ¥4,000bn is equivalent to 0.8 per cent of GDP and 1.1 per cent of disposable income. And these cuts are

on top of ¥2,000bn of tax cuts that Mr Hashimoto first announced last December.

But it is uncertain whether consumers will actually spend the money, or save it because of economic unease. It is also unclear how long tax cuts will last: the LDP is still arguing whether the tax cuts will be temporary or permanent.

Another pledge Mr Hashimoto made on Thursday was a broader reform of the tax system: he has offered to cut corporate tax rates to international standards within three years and review the income tax system.

Such measures would be beneficial, since cutting taxes to international standards could imply a reduction from the current 50 per cent to around 40 per cent. But the LDP has so far not mentioned any specific figures. Nor is it clear if corporate tax cuts will be unveiled this year.

However, the third element of the package is the most familiar: a pledge for "new" public fiscal spending of between ¥6,000bn and ¥10,000bn. This is important because until recently many economists had suspected that the package as a whole would simply include the front-loading of previously announced spending plans.

In theory, this could deliver a strong boost to growth in the coming months, particularly if public spending projects are front-loaded as well. Merrill Lynch estimates, for example, that there could be a "spurt" between July and September, that could leave growth running at around 1 per cent in calendar 1998, compared with earlier forecasts of 0.1 per cent.

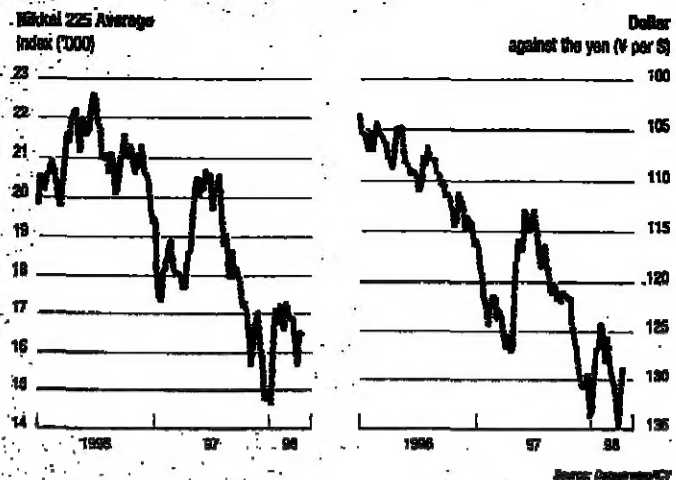
However, Mr Hashimoto has not yet revealed what type of projects the money will be spent on. And if - as expected - the spending is mostly on infrastructure, its

longer-term impact will be less dramatic.

Infrastructure projects are politically popular, particularly in rural areas. They also play a key employment role, since 10 per cent of the workforce is employed in construction.

But the country is already littered with construction works from previous stimulus packages: Japan has been building new bridges at a rate of 160km a year during the past five years, and already has 120 dams planned, on top of the current 376.

"The package should ensure that GDP growth will not be negative this year," argues Jasper Koll, economist at J.P. Morgan. "But the danger is that we are getting into a 'stop-go' pattern again. I do not think that the prospects for self-sustaining recovery have improved significantly yet."



## Hashimoto takes a political gamble with income tax cuts

By Michiko Nakamoto in Tokyo

Ryutaro Hashimoto has taken a political gamble by announcing ¥4,000bn (\$31bn) in special income tax cuts.

The severity of the Japanese downturn has left the prime minister with little choice other than to implement tax cuts, but the move was expected to strengthen calls for Mr Hashimoto to take responsibility for his policy reversal.

Yesterday, such calls came not only from opposition parties, but also from within his own Liberal Democratic party (LDP), where Mr Hashimoto faces persistent attempts by conservative forces to unseat him.

Mr Shiroka Kawai, a former LDP construction minister, said the party would have to take responsibility for its policy failure and suggested that Mr Hashimoto resign once details of the latest stimulus package were finalised.

The prime minister, however, is gambling that the latest package - his largest ever amount of public money to be poured into the economy - will encourage enough of a recovery in domestic demand to silence his critics.

For one thing, no one is against tax cuts *per se*, and calls for a revision of the fiscal reform law have reached a crescendo in recent days. Although Mr Hashimoto's

latest move may represent a policy reversal, it is a reversal that the public has been calling for.

Indeed, with the LDP seriously concerned about upper house elections in July, Mr Hashimoto "would not have survived until the elections" unless he had reversed course, according to Rei Shiratori at the Japanese Institute for Political Studies.

Furthermore, Mr Hashimoto hopes to implement his tax cuts with only slight revision to the fiscal reform law, which would enable him to counter criticism that he has abandoned one of his most important policy objectives.

If he manages to hold

down the tide of criticism with such arguments, there is a chance that Mr Hashimoto will survive the current storm, at least until the July elections.

Mr Hashimoto's tight fiscal stance has earned him the nickname of the "god of poverty" and there is a continuing fear among LDP politicians that the party cannot win the elections with Mr Hashimoto as their leader.

In addition, the tax cuts strategy has alienated his staunchest allies in the LDP secretariat, who had, until the very last minute, publicly questioned the impact of tax cuts in order to support his fiscal reform policy.

With few people in the



Hashimoto: tide of criticism

LDP to back him, and a strong possibility that the latest measures will not deliver the kind of recovery needed, Mr Hashimoto's latest gamble could be his last.

NATIVE TITLE BILL CONCERN OVER RACIAL OVERTONES IF PARLIAMETARY DEADLOCK PROMPTS POLL

## Australia could face early elections

By Mark Mulligan and Reuters in Sydney

John Howard, Australia's prime minister, is so far keeping his options open about a double dissolution of both houses of parliament and early elections, following parliamentary deadlock over a controversial Aboriginal land rights bill.

But he said if an early poll was called he would "not seek to drag issues based on

race" into the campaign. The deadlock on land rights comes after the Senate, where Mr Howard's coalition does not have a majority, rejected government amendments to the native title bill. The House of Representatives then met briefly on Thursday to reject the Senate's own changes to the bill, which removed four key elements from Mr Howard's 10-point plan for resolving the native title

issue. The government originally drafted the bill to water down rights set out in a High Court ruling which found that native title and pastoral leases could co-exist.

The deadlock on Aboriginal land rights was the third "trigger" giving Mr Howard the opportunity to set off a simultaneous double dissolution of both houses of federal parliament and an early election for both. He must now

decide whether or not to use this opportunity.

However, he would not comment on his next move. "Prime ministers, properly, should keep their own counsel about the form of and timing of an election," he said.

The Liberal/National party coalition won a big House of Representatives majority in March 1996 and is not required to go to the polls again until May 1999.

But Mr Howard is widely expected to use the "trigger" of House/Senate deadlock on bills to prompt a double dissolution and early poll some time between July 25 and October 29.

Labor's Aboriginal affairs spokesman, Daryl Melham, said: "If the native title amendment bill forms part of a double dissolution trigger... it will be a race-based election. It will be divisive and ugly."

## PAN-HOLDING

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## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The shareholders of PAN-HOLDING S.A. are invited to attend the ANNUAL GENERAL MEETING which will be held at the registered office of the Company, 7, Place du Théâtre, Luxembourg, at 3.00 o'clock p.m., on April 23, 1998, with the following agenda:

1. To accept the Directors' report and to approve the financial statements and accounts for the year ended December 31, 1997.
2. To approve the appropriation of the results, to declare a dividend and to fix its date of payment.
3. To grant discharge to the Directors for the proper performance of their duties.
4. To re-elect Directors.
5. To fix the Directors' emoluments for the year 1997.
6. To re-elect the Auditor.
7. To transact any other business.

The bearer share certificates may be deposited with a bank or financial institution acceptable to the Company. The corresponding deposit certificates should be forwarded to the Company, P.O. Box 408, L-2014 Luxembourg, so as to reach them prior to April 23, 1998.

The owners of registered shares need not deposit their share certificates. However, if they intend to participate in the meeting, they should inform the Company in writing prior to the same date as mentioned above.

Shareholders who cannot attend the meeting in person are invited to send the duly completed and signed proxy form to Pan-Holding S.A., P.O. Box 408, L-2014 Luxembourg, so as to reach them prior to April 23, 1998.

THE BOARD OF DIRECTORS

## Exiles force way into embassies

By Sheila McIntyre in Kuala Lumpur

Thirty-five Indonesians claiming to be political refugees from the Aceh independence movement yesterday broke into the US, French and Swiss embassies and the Brunei palace in Malaysia to seek asylum from forced deportation. They also tried to get into the British High Commission but were blocked by security guards.

French, Swiss and Brunei officials asked police to remove the Indonesians, while the US embassy said the refugees would probably remain in the compound overnight until the embassy got directions from Washington.

The incident follows one in which 14 Indonesians, also claiming to be from Aceh, forced their way into the office of the UN High Commissioner for Refugees (UNHCR) in Kuala Lumpur on March 30. The agency has been investigating their asylum claims. Amnesty Inter-

national has reported detention, torture, extrajudicial executions and disappearances in Indonesia's Aceh province and has said some Acehnese may be at risk if returned. But Malaysia has resisted granting them asylum in an effort to avoid angering Jakarta.

A group of Acehnese broke into embassies in 1996 and were removed by police. Also in the early 1990s, a group made its way into the UNHCR Malaysian compound, where they stayed for 2½ years until Malaysia granted them temporary permits to stay.

This time, however, the Malaysian authorities are determined not to encourage the Acehnese. Their calls for political asylum have complicated Malaysia's efforts to deport thousands of illegal Indonesian immigrants fleeing economic hardship. Malaysia is contending with a crisis of its own and fears that without work the immigrants will turn to crime to survive.

STARVATION 'COMMON' CANNIBALISM REPORTED IN MSF STUDY

## Aid failing to reach hungry in N Korea

By James Kyng in Beijing

Starvation is common and cannibalism not unknown in North Korea, where food sent by the international aid community has failed to reach millions of hungry people, according to a study by Médecins sans Frontières (MSF), the French humanitarian aid group.

The MSF study, which quoted several North Koreans who recently fled into refuge in northern China, comes on the eve of the first direct talks between North Korea and South Korea in four years. One of the main topics of the talks, to be held in Beijing today, is likely to be a request by Pyongyang for agricultural aid, such as fertiliser, to help alleviate its food shortages.

An MSF spokeswoman in Beijing said that of the 12 refugees from several different towns in North Korea who were interviewed, only one said he had eaten the food aid provided by the international community. The rest said the food had not been distributed in their areas.

The EU, the US, China, Japan, South Korea and other nations have provided

more than \$286m in humanitarian assistance for North Korea's famine. Relief organisations, however, must operate under strict controls that have prevented them from gaining an accurate reading on the effects of the food shortages.

The lack of access within North Korea means the testimonies of refugees in China have some value, though the veracity of their accounts cannot be guaranteed. Several of those interviewed reported cannibalism, especially of children. All of them said that people were dying of hunger, and some added that it was commonplace to see corpses in the streets or by the road side.

There has been speculation that much of the food aid has been diverted from the needy to North Korea's large military and official hierarchies.

It is clear, though, that the food shortages have been a prime motivation behind Pyongyang's decision to agree to talks with Seoul, resuming a government-level dialogue which ceased in 1994 after South Korea refused to offer condolences on the death of Kim Il-sung, the North Korean leader.

Specifically, Pyongyang wants fertiliser to help restore fertility to the north's largely exhausted agricultural land. If such a pledge is made, and if the two sides can agree to further dialogue, the Beijing meeting is likely to be regarded as something of a breakthrough.

The US, which is keen to see talks broadened and deepened, has said it may upgrade diplomatic relations with the North if regular dialogue is resumed. South Korea's agenda for the vice-ministerial talks in Beijing includes an exchange of special envoys and a summit, as well as reunions of families divided since the 1950-53 Korean War, in which China and the US fought on opposing sides.

North Korea has asked the World Bank to provide advice on how to run a market economy, according to a bank official. AP adds from Seoul, Sri-Ram Aiyer, director of the bank's Korea department, said the World Bank was arranging for several European countries to provide up to \$1.5m to fund the education programme, which could begin in the next few months.

He said "Hello" to the Captain, thought our MD-11 was pretty good, ate two oranges, solved a couple of puzzles and promised to marry Monique, one of our flight attendants.

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## BRITAIN: AGREEMENT IN NORTHERN IRELAND

NORTHERN IRELAND HISTORIC AGREEMENT STILL HAS TO BE APPROVED IN REFERENDUMS IN THE PROVINCE AND THE IRISH REPUBLIC

## Ulster pact heralds biggest hope for peace in 30 years

By John Murray Brown

A week from today, David Trimble, the Ulster Unionist leader, will seek the backing of his party's 1,100-member ruling council for yesterday's historic compromise. In Dublin on the same day - in a dramatic illustration of the magnitude of yesterday's achievement - Sinn Féin, the political wing of the IRA, will be doing much the same at the party's annual conference.

Both meetings are critical. With republican and loyalist extremists waiting in the wings to see the settlement unravel, any signs of wavering from the grassroots

could weaken the deal. In meeting their Easter deadline, the British and Irish governments have met just the first stage of the timetable. The package still has to be approved in concurrent referendums in Northern Ireland and the Irish Republic. Officials are anxious to get this stage completed in time to hold elections to the new assembly ahead of the main part of the Northern Ireland march season in early July.

Much could go wrong. Local politicians say it is vital there is a big turnout in the referendum to undermine any suggestions that there is no mandate for the

compromises agreed. Mr Trimble has said that anything less than 80 per cent support would leave his party exposed to sniping from the Democratic Unionists of the Rev Ian Paisley. Even before he entered the process, Mr Trimble made a big point of sounding out opinion among the wider unionist community. He is likely to be equally cautious until he has had time to gauge the response in loyalist pubs and Orange halls across the province.

Sinn Féin's tactics should become clearer tomorrow, when Martin McGuinness is due to address a rally in Londonderry to commemo-

## The timetable for peace

April 14-17: Irish parliament considers the deal, and legislates for referendums on agreement and membership in Irish constitution  
April 18: Sinn Féin and DUP put proposals to party members  
May: Separate referendum campaigns in Northern Ireland and the Republic  
UK parliament votes to legislate for assembly and cross-border bodies  
May 22: Referendums expected to take place  
June: Assembly members take their seats. Cross-border bodies to be created  
June 25: Likely date for elections to 108-seat Ulster Assembly  
July 6: Marching season begins with Orange parades at Drumcree

rate the Easter rebellion against British rule in 1916 - traditionally an occasion to recite the old certainties of hardline republicanism. The party's long-term strategy is to supplant the Social Democratic and Labour party as the leading

nationalist party. Sinn Féin has long opposed any "partitionist" settlement, but there are signs that the party may seek the backing of its annual conference for a revised strategy of taking seats in the proposed 108-member assembly.

Unless they take their seats in the assembly, Sinn Féin members will be unable to participate in the proposed north-south bodies set up by the agreement to deal with areas of concern to the whole island.

For the British and Irish governments, the task is to sustain the momentum. Already the Northern Ireland Office has commissioned an outdoor poster campaign for the referendum. The advert features a snail couple on a windswept beach with the caption - "It's Your Choice" - a slogan which reminded one local of a promotion for a contraceptive. At Westminster,

te drafting of a bill to establish the new assembly is likely to start even before the referendum result.

Dublin's timetable is even more daunting. In the next few days, Bertie Ahern, the Irish prime minister, will seek parliament's endorsement of the deal - but also amendments to articles 2 and 3 of the 1937 constitution, which lay territorial claim to Northern Ireland.

The Irish government is then required to allow at least 3 days for a referendum campaign. It is envisaged that the referendum on changes to the constitution would take place concurrently with the referendum

to ratify the agreement - perhaps even in a single question.

Logic suggests that the UUP and the SDLP - as the architects of the deal - should capitalise on the uplift in public mood. But elections in Northern Ireland usually force parties into more entrenched positions.

One UUP fear is that some of its supporters, faced with opposing Sinn Féin across the assembly, may shift to the hardline unionists of the DUP and Robert McCartney's UK Unionists - both of which have already condemned the deal as a betrayal of Ulster's British identity.

## ON THE STREETS

## News has not permeated the mood of fear

By Jimmy Burns in Belfast

There was plenty of hyperbole emanating from Stormont yesterday, but the mood beyond the castle gates struck an altogether more cautious note.

The first tangible evidence that an agreement among politicians might influence a change of attitude in the wider community, came with the announcement by the staunchly loyalist Apprentice Boys that they had accepted a re-routing of their march planned for Easter Monday away from the Catholic-inhabited lower Ormeau Road.

The Apprentice Boys' Easter parade has for years been condemned as an act of provocation by the local Catholic community. Thus the decision to re-route it in the context of developments at Stormont has enormous symbolic significance. It was welcomed by local Catholic residents as a conciliatory gesture as Catholics and Protestants gathered in a local park for prayers dedicated to peace.

"There is undoubtedly a lot of hard work to be done from now onwards to ensure that political agreement is lasting," said father-of-four Gerard Rice, the chairman of the local residents action group. "But this morning I woke up thinking that perhaps people may at last begin to put their fears behind them and choose to live together like good neighbours."

Beyond his sitting room the front door of his house was boarded with a bullet-proof shield - a reminder of the tension that political involvement has meant for this family in the past.

A new spirit of conciliation was also evident along

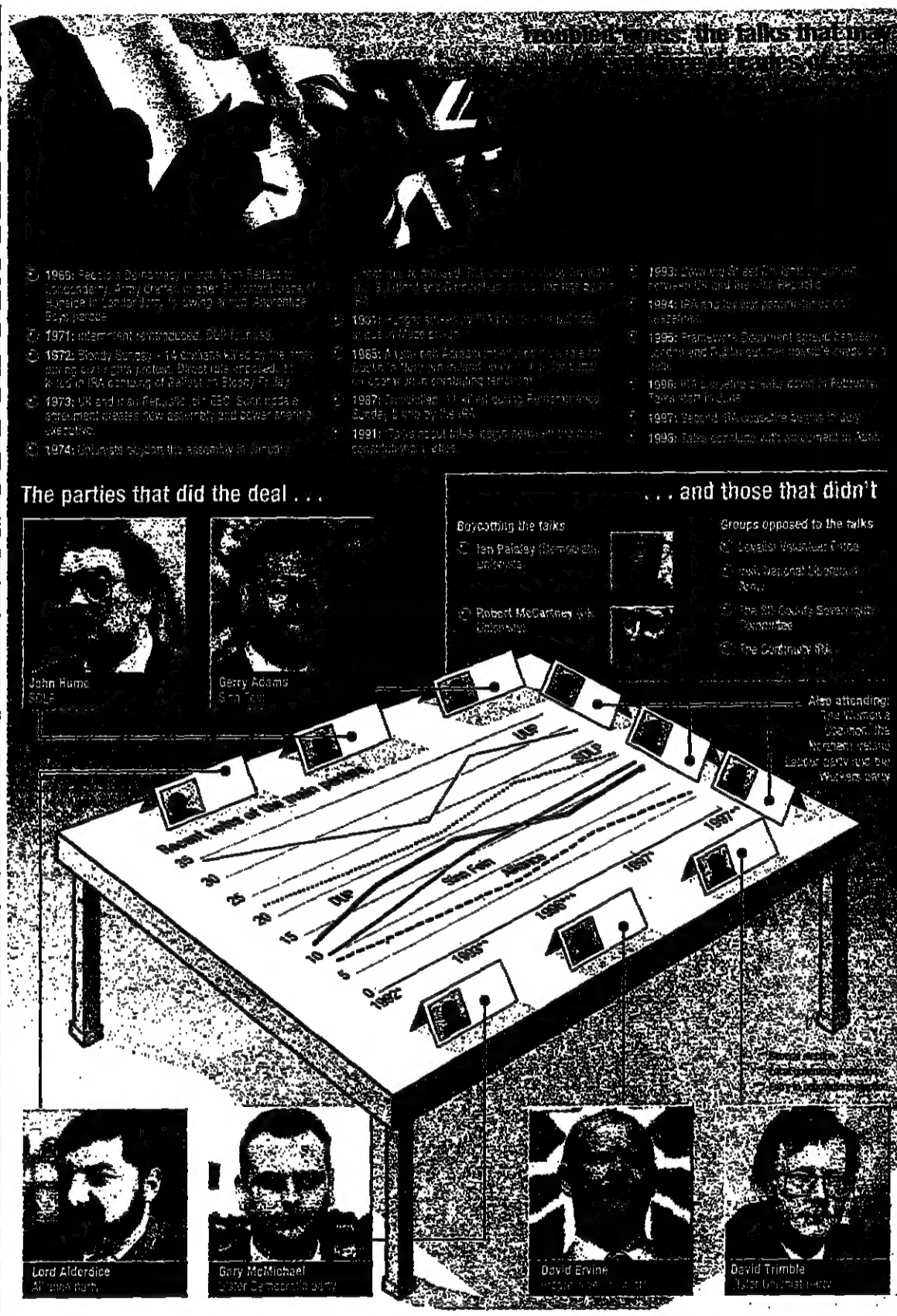
another of Belfast's tribal heartlands - the loyalist Shankhill Road. In the offices of a local business centre which has been the target of republican terrorist attacks, the local manager refused to be identified for fear of reprisal.

Yet he spoke a very different language to those supporters of the Rev Ian Paisley who mounted a noisy, if poorly attended, protest against the agreement in the on Thursday night.

The manager revealed himself as a member of one of the loyalist paramilitaries represented at the talks. "I've been glued to the TV most of the night and this morning and I'm convinced that what I've been seeing is bringing us close to peace. People seem to be engaging. Dr Paisley is on the way out - the time for war I think has past," he said.

Among the more sceptical yesterday was Violet Clarke, owner of a fruit shop on the Shankhill Road that was visited by US President Clinton in 1995. "Clinton bought some flowers and some apples. I thought the fact that he is here must mean that we've got peace. Then a few weeks later the IRA renewed its bombing campaign. You can understand my caution," she said.

Outside the shop the running news of the day was being broadcast through a megaphone. Yet most people simply walked by. In nearby pubs, drinkers seemed oblivious to the images from Stormont and endless commentaries reflected on giant TV screens. After nearly 30 years of conflict and a series of broken hopes, Belfast seemed to be finding it hard to believe that a real lasting change might be within the community's grasp at last.



## WHITE HOUSE

## Clinton plans visit following critical role

By Marj Szustman in Washington

The White House yesterday welcomed the announcement of an agreement on the Northern Ireland peace talks and set Bill Clinton, US president, would probably visit Belfast next month to mark its support for the deal.

The deal came only after Mr Clinton had worked through Thursday night and yesterday morning talking to most of the principals by telephone in a final effort to secure agreement on the proposals.

The White House said Mr Clinton had been receiving regular progress reports on the state of the talks all week from Sandy Berger, national security adviser, and Jim Steinberg, Mr Berger's deputy.

After dinner on Thursday, he got a message from Tony Blair, UK prime minister, asking for his assistance. Mr Clinton then had a three-way conversation with Mr Blair and Bertie Ahern, the Irish prime minister, before talking to George Mitchell, the former US senator chairing the talks, and John Hume, leader of the moderate Social Democratic and Labour party.

Mr Clinton also spoke twice to Gerry Adams, the head of Sinn Féin, but was unable to contact David Trimble, the Ulster Unionist leader, until yesterday afternoon. U officials said later, however, that his conversation with Mr Trimble was critical in securing the Unionist agreement.

Shortly before the deal was announced, Mike McCurry, the president's press secretary, said that Mr Clinton had spent "a long night" and was very pleased with the progress being

made. "Obviously the president had some specific things to do in these calls but he also generally encouraged the parties to take advantage of this opportunity to make progress to achieve what would be a historic agreement for the people of Ireland," he said.

The White House sees the announcement of a deal as a personal triumph for the president, who has invested a lot of political capital in the success of the negotiations. Officials said it was likely Mr Clinton would make a brief stop in Ireland when he travels to next month's G8 summit in Birmingham, England.

They hope the visit will also give Mr Clinton an opportunity to show off his new foreign policy credentials and further distract public attention from the sex scandal allegations that have dogged the White House in recent months.

Mr Clinton has previously visited Belfast and Dublin to encourage the peace process and has been working closely with Mr Blair and the UK government on the matter since the prime minister's state visit to Washington in February.

The US has been working particularly hard to persuade the nationalists to agree to a deal while the job of winning over the Ulster Unionists has largely been left to the UK government.

During last month's St Patrick's day celebrations in the US, Mr Clinton held a long meeting with Mr Adams and Martin McGuinness, Sinn Féin's chief negotiator, to discuss progress in the talks.

He also met with Mr Ahern and prominent members from other political groups in Ireland.

TIMETABLE SEVERAL TIMES DURING 24 HOURS THE SUCCESS OF THE TALKS SEEMED TO HANG BY A THREAD

## Momentous night of talking, walking, phoning and dozing

By David Wighton, John Murray-Brown and Jimmy Burns

If the Sinn Féin leaders have managed to negotiate a deal they can sell to their supporters it may be thanks to their secret weapon - a camp bed.

Gerry Adams, the Sinn Féin president, admitted that the bed - brought into Stormont during the negotiations - gave him a significant advantage in a process which left most of the participants close to exhaustion.

At one point John Hume, the SDLP leader, could not stop himself falling asleep. He woke up to see Tony Blair, the prime minister, and Mo Mowlam, the Northern Ireland secretary, apparently celebrating and for a moment he believed he must have missed the agreement. In fact the final deal was still 12 hours away.

Almost three days before, Mr Blair flew to Belfast to find the talks in crisis. The Unionists and even the cross-party Alliance party had dismissed the outline

document tabled the day before as unacceptably pro-nationalist.

For 34 hours many of the participants remained very gloomy about prospects. But on Wednesday night there was a critical meeting between Mr Blair, Bertie Ahern, his Irish counterpart, and David Trimble, the Ulster Unionist leader - the first time the three men had met around a table.

The next turning point came just after midnight on Thursday, when the Ulster Unionists put forward a com-

promise proposal on the north-south bodies to the Irish government.

Following a reasonably positive response, John Taylor, the party's deputy leader who acted as informal swingometer for the unionists, said the chances of a deal had risen from 4 per cent to 10 per cent.

By yesterday morning, Mr Taylor's success rating had soared to 75 per cent. The previous evening Mr Trimble had gained backing for his negotiation position from his party executive who gave

him a standing ovation.

But the split within unionism was underlined a few hours later when Ian Paisley and his supporters burst into the grounds of Stormont Castle to protest at what they called a sellout by Mr Trimble.

Mr Paisley's intervention distracted attention from the fact that the midnight deadline had been passed with no agreement. Shortly afterwards came the crunch point for Sinn Féin, and probably the entire process.

At 1.30am, Gerry Adams

and Martin McGuinness, the party's chief negotiator, took a stroll in the car park in front of the office block where the talks were taking place.

Smiling and, apparently relaxed, the pair gave little clue that they were taking one of the most critical judgment calls of their political lives - whether or not to walk out of the talks.

After half an hour, they decided to stay. The pace then quickened as agreement built around the key sticking points - the plans

for the Northern Ireland assembly, the cross-border bodies and the relationship between the two.

An increasingly confident Mr Blair worked through the night, tying a long session with Mr Trimble and several more meetings with Mr Ahern. He also put a call into Mr Clinton to update the US resident.

At 7am, Mr Blair broke off to phone his wife Cherie, awaiting his arrival in Spain where they were the guests of the Spanish premier.

By mid morning a deal

looked secure. But the final plenary session needed to rubber-stamp the agreement was delayed until after 5pm as Mr Trimble, faced with a mini-revolt within his party, sought fresh assurances from Mr Blair and Mr Clinton on decommissioning of terrorist weapons.

In the end, it all came right. By yesterday evening, Mr Blair was on his way to Spain hoping he had secured the settlement that has eluded all other British prime ministers this century.

## TONY BLAIR STATEMENT

## 'We'll all win if we put this into practice'

Tony Blair, the prime minister, gave the following address at the end of the plenary session:

The essence of what we have agreed is a choice. We are all winners or losers. We can mutually assure our benefit, or mutually our destruction here. This is because the package is based on balanced principles, where for ages people have found contradiction, but which are in fact absolutely compatible. We can all win. If we put this agreement into practice, and I believe that we will.

We have been clear throughout about the principles behind this agreement,

and they have been met. Those who wish Northern Ireland to remain in the United Kingdom can have that wish fulfilled, so long as the majority of people here in Northern Ireland desire it. The principle of consent is absolute and is throughout this agreement, and the breakthrough is that it is now accepted by all - north and south.

Also, those who believe in a United Ireland can make that case now by persuasion, not violence or threat. There is recognition and acceptance of the nationalist identity. There are plans for co-operation including through implementation

bodies on an all-Ireland basis. And there can be further development of such bodies again, should consent be there. There are provisions for fairness, and equality, for recognition that all traditions in Northern Ireland are valid, and deserve respect, and dignity.

There will be an assembly for the good governance of Northern Ireland. And the British and Irish governments have come together in a more mature relationship for the future, one which reflects better the common sense of the nations, side by side, with so much to share and so much to exchange. We are creating, therefore,

new dimensions to age old ties of proximity and of kinship. And we are seeking to replace the hatreds and fears of so many years, where people misunderstand each other before they even think or try, with a reawakening, however tentative, and however cautious, of fellowship, and of trust.

This agreement that we have concluded, it cannot work without such a spirit. Words matter; details are vital; drafting is crucial - we have been through that many times in the last few days as we know well.

But I want to say this to the politicians and the people of Northern Ireland,

with all the force that I can muster. Even now, this will not work unless in your will and your mind you make it work. Unless you extend the hand of friendship to those who were once foes. Unless, before we condemn, we at least try to see the other side.

Unless we take it into our hearts that others can reach different conclusions in just as good faith as we reach our own conclusions. This is the choice which humanity has to make in every age. Between the daring which allows us to cross new frontiers and allows us to make progress. And the timidity which shuts itself away in



Prime ministers' joy: Irish premier Bertie Ahern (left) and Tony Blair held a press conference

seclusion, where we stagnate. I believe that today, courage has triumphed.

I said when I arrived on Wednesday, that I felt the hand of history upon us. Today I hope that the burden of history can at long last start to be lifted from our shoulders. It will take more of the courage that we

have shown. But it need not mean more of the pain.

In doing what we have done today, we have carried out what I believe to be the will of the overwhelming majority of the people here in Northern Ireland. The chance to live in peace. The chance to raise children out of the shadow of fear. That is

all the people of Northern Ireland have ever asked for. They now have that chance. Today is only the beginning though. It isn't the end. Today, we have just a sense of the prize that is before us. The work to win that prize goes on. We cannot, we must not, let it slip from our grasp.



ENTERTAINMENT \$75m BUDGET FOR FILM VERSION OF CULT TELEVISION SERIES

# Thunderbirds set for go, says PolyGram

By Alice Rawsthorn

PolyGram, the Dutch entertainment group, is expected soon to give the go-ahead for a \$75m film version of *Thunderbirds*, the cult 1960s television series, which would be one of the most expensive films ever made in the UK.

Working Title, PolyGram's London-based production subsidiary, has been working on proposals for *Thunderbirds* for more than a year. It intends to offset the production costs by turn-

ing the film into the UK's first Hollywood-style merchandising blockbuster by licensing deals for *Thunderbirds* products such as dolls and rockets.

The \$75m budget for *Thunderbirds* is comparable to those of other UK-based productions, including *Mission Impossible*, *Tomorrow Never Dies* and *The Fifth Element*. However, those pictures either filmed extensively in other countries, or executed post-production work, such as visual effects, in Los Angeles; *Thunder-*

*birds* will be made almost exclusively in the UK.

*Thunderbirds* is due to start production in London this summer, with cinema release scheduled for autumn next year. Working Title has completed much of the preparatory work required for production, and hopes shortly to receive final approval from PolyGram.

A revised version of the script, in which International Rescue, a secret intelligence operation run by the Tracy family, struggles to stop a villain from stealing

the earth's atmosphere, has been submitted to Michael Kuhn, president of PolyGram's film entertainment division. "We're ready to greenlight *Thunderbirds*", said Mr Kuhn. "It's going to be a very expensive film for us to make, and we've got to make sure the script is absolutely right."

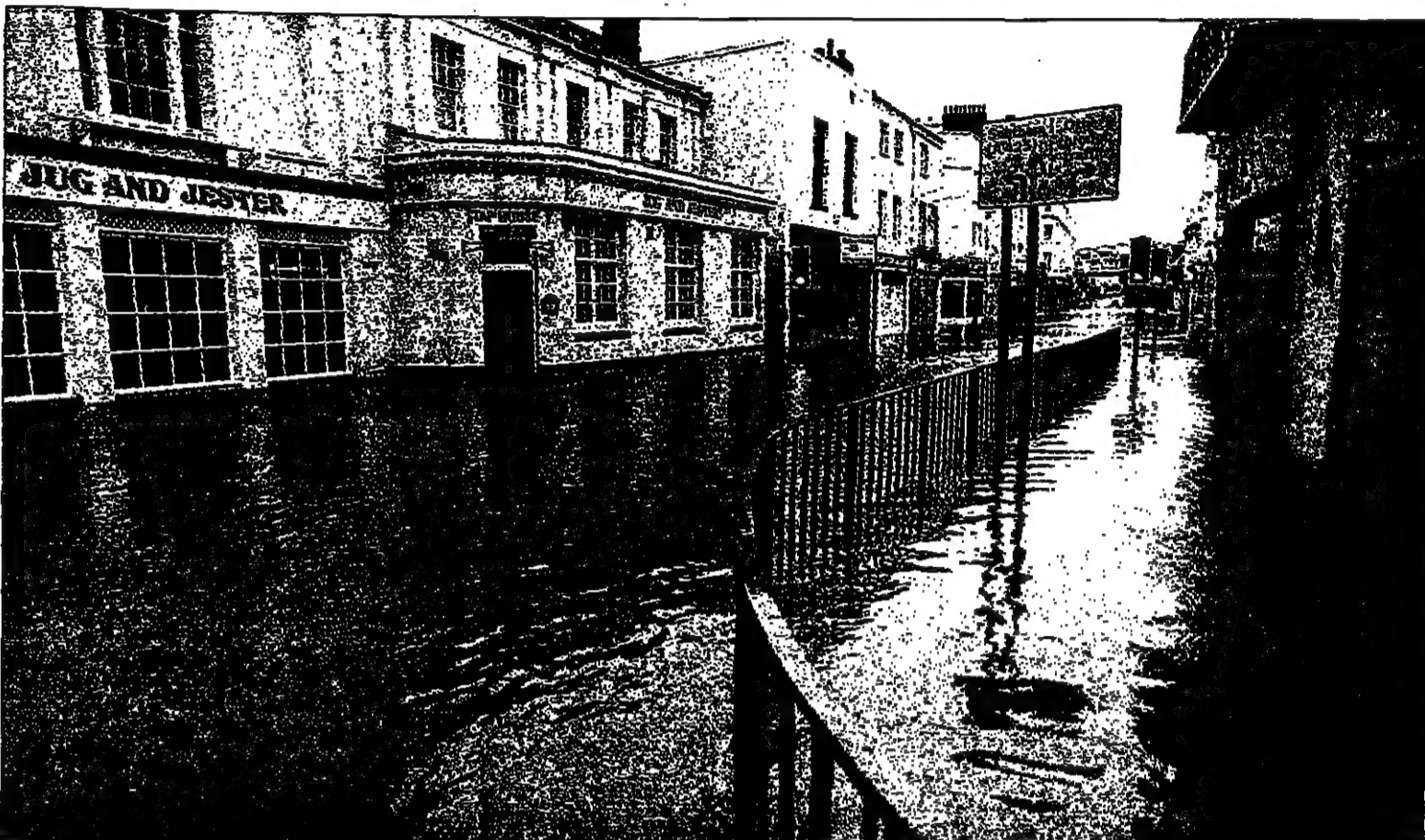
After receiving PolyGram's approval, Working Title, which has produced a string of hit British films including *Four Weddings And A Funeral* and *Bean*,

will finalise casting. Kristin Scott Thomas has been mooted to play Lady Penelope, with Pete Postlethwaite as Parker, her chauffeur.

It will also be able to conclude the merchandising deals. Mr Kuhn said a number of companies have submitted offers to license different products, but Working Title has yet to sign contracts. One of the biggest elements in the *Thunderbirds* production budget will be the computer-generated effects required for the film. Mr Kuhn said there was

insufficient capacity in the UK to handle the project, and PolyGram might have to set up its own effects facilities. It is considering how to commercialise those facilities after *Thunderbirds* is completed.

PolyGram acquired the *Thunderbirds* rights when it took over Lord Grade's ITC Entertainment for \$165m in 1995. Lord Grade had previously bought all the rights from Gerry and Sylvia Anderson, its creators, leaving them with no residual rights in the series.



## Troops called in as floods strike holiday travellers

Torrential rain lashed Britain yesterday, leaving two people dead and another two feared drowned. Emergency services in the English Midlands and eastern England were stretched to the limit and in two counties troops were called to help rescue operations. The weather brought chaos to a transport network clogged with Easter

bank holiday travellers, with roads closed and railways lined under water. Weather experts warned of more heavy rain.

The body of a middle-aged man was recovered by firefighters from a caravan site in central England. Police said 26 people had been rescued after it was flooded. Two people were

unaccounted for. A woman was found dead at a home in the town of Northampton. Police believe she had drowned.

A 14-year-old boy was missing after a van in which he was a passenger was swept from a flooded road into a ditch. Hopes were fading for a woman believed to have fallen from a narrow

boat on the River Nene, in Northampton.

Flooding was particularly severe along stretches of the River Avon, with water levels rising 5m at the town of Evesham, more than during the great floods of 1947. Scenes such as those in Leamington Old Town (pictured), were commonplace. PA

## Interest rate stability masks divide at Bank

By Richard Adams and Simon Kuper

The Bank of England's decision to leave interest rates unchanged failed to end uncertainty over the future direction of the UK economy.

Analysts said the central bank's Monetary Policy Committee - responsible for setting the UK's operational interest rates - remained split, between "hawks", favouring an immediate rise in rates, and "doves" who think the outlook for inflation does not justify a rise.

The MPC announced after its meeting on Thursday there would be no change to its rate of 7.25 per cent. But the Bank failed to make any statement about the future direction of interest rates in its announcement, prompting observers to assume the committee remains unable to agree, as it was at its January and February meetings.

The details of this month's meeting will not be known until May 15, when the Bank publishes its minutes.

The financial markets had largely expected no change.

Sterling, UK government bonds and the FTSE 100 share index showed little reaction to the Bank's decision.

But in yesterday's trading in New York and Tokyo, the pound strengthened against the D-Mark to just below DM3.05. Before the Bank's decision, sterling was worth DM3.043.

The MPC's decision was welcomed by the Confederation of British Industry and the British Chambers of Commerce. Manufacturers have complained of being harmed by the combination of high interest rates and the strong pound.

But there are few indications that interest rates have now peaked. Michael Dickson, an economist at Lehman Brothers bank in London, warned that figures published later this month may show the economy growing above trend and inflation on the rise.

"If so, the question of another rate hike being necessary will return to the agenda," Mr Dickson said.

However, Neil Parker, an economist at the Royal Bank of Scotland, said the Bank

was right to leave rates alone, as the economy has already shown signs of slowing. "There doesn't seem to be the case for a rise - the risks are now more for a sharper slowdown than expected," Mr Parker said.

The Organisation for Economic Co-operation and Development said earlier this week it saw no need for higher interest rates in the UK. It forecast a rise in unemployment later this year. Official rates were last raised in November. They have gone up five times since Labour's general election victory in May.

Foreign exchange strategists said the pound would remain strong until the market decided UK rates had peaked. The money markets are still pricing in an above-even chance of one more rate rise to occur this spring.

High UK interest rates have helped sterling gain 27 per cent against a trade-weighted basket of currencies since August 1996. However, the top of the UK rate cycle appears in sight, while rate rises expected from continental Europe are likely to boost the D-Mark.

## Milk Marque chief resigns

By Maggie Urry

David Yeomans, the outspoken chairman of Milk Marque, has resigned suddenly from the dairy farmers' co-operative.

His departure comes at a difficult time for the co-operative, which markets more than half the milk produced in England and Wales. It is in the middle of a Monopolies and Mergers Commission inquiry into the supply of milk, its members' incomes have tumbled as prices have fallen and its relations with the dairy processors, its main customers, are at a low ebb.

Poul Christensen, chairman of Milk Marque, said Mr Yeomans had resigned to "move on to pastures new and we wish him well". Paul Beswick, the company secretary, has been appointed managing director. Mr Beswick said he was offering "an olive branch" to the dairy processors. He said there had been "a lot of squabbling, I'm offering to put an end to that".

Gordon Summerfield, president of the Dairy Industry Federation, which represents

the processing companies, said he hoped "we can now look forward to a constructive dialogue". Mr Yeomans, who became chief executive in July 1996, has often been an outspoken critic of the dairy processors, which include companies such as Unigate, Express Dairies and Dairy Crest. He has accused the processors of failing to invest, which he claimed had made them less efficient than continental European rivals.

The processors have been equally forthright in their complaints about Milk Marque's system of selling and pricing. The long-expected fall in farmland values has begun, according to figures from FPD Savills, the land agent. Initial estimates show a drop of 3.3 per cent in average prices of farmland in the first quarter of the year, after a 1.2 per cent slip for the whole of last year.

Jim Ward, director of research at FPD Savills, said he expected prices to drop by about 15 per cent in 1998, with prices of poorer quality arable land and of dairy farms falling faster.

## Motoring group to consult members on split

By Charles Batchelor

The Royal Automobile Club is to consult its members on their views about a split between its social activities and its motoring services in the face of growing support for the break-up plan put forward by deposed chairman Jeffrey Rose.

Mr Rose, who was sacked as chairman last week after polling members without the authorisation of the RAC's board, yesterday claimed victory in his battle to hive off the motorists' rescue service into a separate commercial business.

He has won the support of 3,500 members, three times the number required to force a vote, for his plan, and responses to his letter to members are still coming in. Mr Rose said he was pressing ahead with plans for an extraordinary meeting to vote on the break-up plan.

As part of the deal agreed between the RAC and Mr Rose late on Thursday, he is to resign as a director but has been reinstated as a member of the club. The RAC had suspended Mr Rose's membership earlier in the week as a first step towards dismissing him as a director.

The new deal allows Mr Rose access to Club facilities but means he will no longer receive confidential information available to the rest of the 18-strong board.

The RAC said it would carry out "a major consultation process" of its 12,000 full club members ahead of its annual meeting on May 20. This will involve a detailed questionnaire to all members, a series of briefings at its main Paul Mall Club in central London and its country club in Surrey, and consultation through committee chairman and the captains of its sports teams.

Mr Rose denied that members were backing his plan just because he had promised a pay-out of £20,000 each if the motoring services division were floated or sold off. "This is not about enriching the full members," he said. "There is a widespread understanding about the need for change. I brought it forward because I believe it is right to demutualise and save motoring services from being embedded in a private club."

Anyone seeking to become a member of the RAC club, subscription £223 a year, to qualify for the pay-out would need to go on to the waiting list, currently six months, and obtain the support of two present members, the RAC said.

## NEWS DIGEST

## TEACHING

### Union leader attacks calls for industrial action

The leader of Britain's biggest teaching union yesterday branded widespread calls for industrial action from its own militant members as "political posturing". Doug McAvoy, general secretary of the National Union of Teachers, warned it could threaten the union's relationship with a new Labour government credited with creating the best climate in schools "for 20 years".

Some rank-and-file members of the NUT, meeting in Blackpool for the first Easter conference since the government took office last year, are insisting on a high-profile campaign of action if ministers do not give way to demands for the abolition of the Ofsted inspection process, the replacement of Chris Woodhead, the chief inspector of schools, and the "naming and shaming" of unsuccessful schools.

But, in a move which risks sparking a rift within the union's ranks, Mr McAvoy accused teachers who did not recognise the achievements of the government to honour some of its manifesto commitments - especially on funding, crumbling schools and class sizes - as "just deliberately not wanting to live in the real world". Simon Targett

## BOOK STORES

### US chain plans expansion

Borders, the US bookseller, plans to open a US-style books and music superstore in Brighton this autumn, and one on London's Charing Cross Road next spring.

The US group, which began its UK expansion by buying the Books etc chain last autumn, will open the UK's first US-style superstore on London's Oxford Street this August. The Brighton store is due to open on Churchill Square the following month, and a Glasgow launch on a Buchanan Street site is scheduled for November. Borders will also open a store in Leeds next spring after a six-month delay.

Waterstone's, the UK book chain, is looking for superstore sites in big cities throughout the UK, having opened its first specialist book superstore in Glasgow last September. Barnes & Noble, one of Borders' rivals in the US, is searching for acquisitions and joint ventures in the UK. Alice Rawsthorn

## EXPORTS

### Sharp falls in north-west

Exporters in the north-west of England have suffered sharp falls in business in the first quarter this year and a further decline is expected as a "punishingly high" pound cuts into sales and confidence, according to the North West Chambers of Commerce.

Manufacturing is likely to suffer a sharp downturn next year "unless there is some respite" from sterling's strength against other European currencies, according to Terry Cook, north-west director.

In its latest quarterly survey, the Chamber reveals that the domestic market also lost ground as producers tried to compete with cheaper imports. There were declines in orders and confidence in both manufacturing and services. Sheila Jones

## EMPLOYMENT STATISTICS

### Allowance cut claimant figure

Up to 200,000 people were removed from the dole queue by the introduction of the Jobseeker's Allowance, according to latest research by the Office for National Statistics. The allowance replaced unemployment benefit in October 1996, and imposed tougher conditions on those out of work and claiming benefits.

The ONS estimates the number of unemployed people receiving benefits fell by between 100,000 and 200,000 as a result of introducing the new allowance.

Kate Sweeney, author of the research for the ONS's *Labour Market Trends*, said: "Only 15-20,000 of this fall is identified as arising directly from a change in benefit rules." The rest were either illegitimate claimants or deterred by the harder criteria. Richard Adams

## BROADCASTING

### BBC chief to quit in 2000

John Birt, the BBC's director-general, has decided to step down from the job in March 2000, when his current contract ends, it has emerged. His decision not to seek a further extension of the four-year contract he was given two years ago means the BBC's board of governors may start the process of seeking a successor later this year.

Possible internal candidates for the job include Will Wyatt, head of broadcast, Tony Hall, head of news, and Patricia Hodgson, head of policy and planning. The governors are also likely to consider outsiders. John Gapper

## SCOTTISH PARLIAMENT

### Lord Steel to seek seat

Lord Steel of Aikwood, the former leader of the Liberal Party, yesterday announced he is to leave Westminster and stand for the Scottish parliament. His decision to apply for a seat in the Lothians area means that, if elected, Lord Steel could be the parliament's first Speaker.

The announcement of Lord Steel - a close friend of Donald Dewar, the Scottish secretary - undermines the prospect of the Scottish National party forming a coalition in the Holyrood parliament, in Edinburgh, with the Scottish Liberal Democrats. Liam Halligan

## Computer problems delay air traffic control site

Michael Skapinker examines the row over a US system which is halting progress at a \$566m site in south England

At the UK's newest air traffic control centre, at Swanwick, Hampshire, southern England, the designers have thought of everything. There are sports facilities and lakeside walks. The operations room is half the size of a football field. The controllers' screens have a blue background because the Royal College of Art advised that this was the most comfortable colour.

By contrast, the old air traffic control centre at West Drayton, near London Heathrow airport, looks like a second world war film set. Controllers sit hunched over screens in crowded, gloomy operations rooms. They guided 1.3m flights through

UK airspace last year, compared with 1m in 1993. The National Air Traffic Services (Nats), which runs both facilities, cannot wait to move to the £566m Swanwick centre.

The problem, as a damning parliamentary report said this week, is that no one knows for certain if Swanwick's computer system, designed by Lockheed Martin of the US, works.

The system, which contains 2.3m lines of specialised software, worked when it was tested on 30 work stations, but not when it was tried on 180. The centre was meant to open in 1996. The latest opening date is the end of 1999 or early

2000, although Nats, a subsidiary of the Civil Aviation Authority, admits that even this might slip.

The report, by the House of Commons transport committee, said: "Nats has failed to meet every target it has set for the opening of the Swanwick centre, and it still cannot give a firm assurance about an opening date."

The committee said it had been told by Peter Ladkin, professor of computer networks at Bielefeld University in Germany, that the failure to "scale up" the system from 30 to 180 work stations was evidence of fundamental problems.

"There is no reliable method for estimating how or if such problems can be engineered out of the system," Mr Ladkin said.

The committee called for an independent audit, with a

"short and definite time limit", into whether Swanwick's software system should be scrapped.

It also said the National Audit Office "should study the history of the project in order to learn and disseminate the lessons".

The committee contrasted the Swanwick debacle with the experience of the Netherlands. Its new air traffic control centre is due to open in June.

Its centre was more successful because the air traffic authority "had a clear idea from the beginning what it wanted" and the contractor, Raytheon of the US, "put great effort into removing software bugs at the development stage rather than on site".

The criticism of the UK authorities hurt, particularly as Nats has successfully

reduced delays from their peak of the late 1980s, and the CAA has moved from borrowing a net £90m from the government in 1994-95 to repaying £30m this year.

Lockheed Martin executives also regard the report as unfair and uninformed. George Dasher, managing director of Lockheed Martin Air Traffic Management, says the software problems have largely been solved. Nats is making some changes, but "it's going very well. Everything works now".

Mr Dasher challenges the idea that an independent audit could have a short time limit. "Depending on the depth you go into, it could take years," West Drayton could not cope during that period.

He is puzzled that the committee failed to understand



The air traffic control problem taps into two fears - of flying and of computers malfunctioning

that new software systems always begin with glitches and that the job of the contractor is progressively to eliminate them.

The problem for both Nats and Lockheed Martin is that the new opening schedule, its first few months will be an anxious time.



## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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## Ulster's historic opportunity

"It is a new dawn, is it not?" Tony Blair's words on his election victory, nearly a year ago, might more appropriately be applied to yesterday's agreement on the political future of Northern Ireland.

It will not bring an immediate or complete end to violence. (Indeed, the weeks between now and the referendum on May 22 could all too easily be marked by escalating violence from rejectionists on both sides.) It does not fully meet the aspirations of every, or perhaps of any, party. No agreement could have. It may yet fail to win the consent of the electorate in the Irish Republic or more likely - in Northern Ireland itself. Even if it does, it could still break down. But it does constitute the best chance of reconciliation between the two communities in Northern Ireland there has been in decades, if not in centuries.

That is already a remarkable achievement, and a vindication of Mr Blair's brave decision to set a firm deadline for finishing the talks, while working closely with his Irish counterpart, Bertie Ahern, to define a package that both unionists and nationalists could live with.

The result of last year's election in the Republic may have been fortunate. Had the task of proposing an amendment to the Irish constitution fallen to the previous Taoiseach, John Bruton, with Mr Ahern's Fianna Fáil party still in opposition, the risk of losing the referendum in the south would have been significantly greater.

As it is, the agreement is assured of vigorous support from all the main parties in the south, not least because it is firmly endorsed by John Hume, the leader of constitutional (ie, non-violent) Irish nationalism in the north, whose prestige in the Republic is probably as great as that of any southern politician. Sinn Féin, the political wing of the IRA, may not feel able to urge its supporters to vote for an agreement that legitimises the partition of the island. But it seems unlikely to mount a strong campaign against the deal, after its considerable success in modifying it during the negotiations.

### Vigorous support

Among northern Protestants the agreement is far less assured of success. It will be bitterly opposed by the Rev Ian Paisley's Democratic Unionists, and by Robert McCartney's UK Unionists. It might easily be endorsed by a narrow majority in Northern Ireland as a whole, but by only a minority of Protestants. The new assembly might then go the way of its ill-fated predecessor, the power-sharing executive of 1973-74, which collapsed amid chaos and violence after its moderate unionist leader, the late

Brian Faulkner, had been repudiated by his own party and the majority of his own community.

The ghost of Faulkner must haunt David Trimble, the present Ulster Unionist leader, and the man who has taken the greatest risk in negotiating and signing this agreement. Yet Mr Trimble's chances are better than Faulkner's were. His own credentials as a leader of unionist resistance to nationalism are stronger, thanks notably to his populist stand on behalf of the Orange Order marchers at Drumcree.

### Strong credentials

He has also shown himself to be a skilful negotiator, notably in winning acceptance from Mr Ahern and Mr Hume that the planned cross-border institutions should derive their powers from, and be answerable to, the new Northern Ireland assembly. And his right flank is covered by the involvement in the talks of his main rivals within his own party, as well as the two small parties associated with "loyalist" paramilitary groups. Last but not least, Mr Blair is a much stronger prime minister, and a much firmer friend of the union, than Harold Wilson was in 1974.

Both Britain and Ireland have changed in the last quarter-century, on the whole for the better. The change is especially marked in the Republic, which has benefited enormously from membership of the European Union - not only materially but above all in self-confidence. It is no longer "an island behind an island", but a European nation used to dealing with others, including Britain, on equal terms. That makes it much more secure and less defensive about its own identity, and therefore more able to recognise that the division that matters is the one between the peoples of the island, rather than between the Irish and British states.

On the British side, Mr Blair's government has embarked on a far-reaching constitutional reform, aimed at making the United Kingdom, much more explicitly than in the past, a union of countries or nations, each with its own separate identity and institutions.

In such a union the particular institutions required to reflect Northern Ireland's bicomunal character will seem less out of place, and the idea of "Britishness" should in future seem less alien and threatening to Irish nationalists. The new "Council of the Isles" will give fitting expression to this historic rapprochement.

As Lord Alderdice, leader of the bicomunal Alliance party, said yesterday, what has been achieved is a great new opportunity, but it is only that. The people of Ireland, north and south, must now make up their minds to take it.

For once, the superlatives are warranted. The politicians have turned their backs on the past. Because it is Northern Ireland there will always be treacherous ground ahead. The settlement agreed at Belfast's Stormont Castle must be endorsed by the people of Ireland, north and south. Republican and loyalist extremists alike will endeavour to wreck it. But this week the Cassandras have been confounded. The opportunity for peace and, one day, reconciliation has replaced the cruel certainty of sectarian violence. It is an epic moment.

It is one of those rare occasions, too, which casts politicians in the unfamiliar guise of heroes. John Hume, the leader of the mainly nationalist SDLP and David Trimble, at the head of the Ulster Unionists, are obvious candidates. So too are Britain's Tony Blair and the Republic's Bertie Ahern. George Mitchell, the former US senator who has chaired the talks with infinite patience, and Mo Mowlam, the indefatigable Northern Ireland secretary, are others. As for Sinn Féin, for now there are still too many ifs and buts about its leaders' motives - but history could yet be similarly generous to Gerry Adams and Martin McGuinness.

The accord may have a significance stretching well beyond the future of the 1.8m people in the province. On one level, it confirms Mr Blair as a politician of substance as well as style. Success will leave him the most powerful British prime minister in living memory. On another, the new arrangements for Northern Ireland fit a jigsaw of radical constitutional change (a parliament for Scotland, an assembly for Wales, a mayor for London) through which Mr Blair is transforming the way Britain is governed. Centralism is giving way to federalism. Modernisation, New Labour's mantra, seems less and less an empty concept.

Ireland last spoke as a nation in 1918, two years after the IRA's Easter uprising against British rule. It voted then for independence. What followed in 1921 was partition and civil war, leaving nationalism and unionism marooned in deadly enmity. Now, 80 years on, the Irish people are to be asked, in simultaneous referendums, to endorse the mutual legitimacy of the North's six counties and the Republic's 26. A yes vote on May 22 would thus mark a momentous step from the shadow of history.

It has been a long haul. More than 3,000 people have lost their lives in the terrorist violence of the past 30 years. More will probably be lost in coming weeks and months as the irreconcilables on either side of the sectarian divide seek to wreck the latest accord. But the province's political leaders have at last stepped into the political vacuum in which the violence flourished. The architecture of the agreement unveiled by Mr Blair and Mr Ahern may be familiar enough. It was first erected 25 years ago when the London and Dublin governments signed the abortive Sunningdale agreement on power-sharing in the province. That framework was torn down in a loyalist backlash. Margaret Thatcher, reluctantly, and John Major, with courage and foresight, spent two decades in the effort to rebuild it. This time the proposals for an

Phillip Stephens on a moment in the history of Northern Ireland many thought would never come



assembly, for new institutions to foster cross-border co-operation and for enhanced civil rights for Northern nationalists have been built on deeper foundations.

Only a few days ago, a deal backed by Mr Trimble and seemingly securing the tacit consent of Mr Adams seemed scarcely credible. The two men, it should be recalled, have yet to exchange a word across the negotiating table. The best that the British government expected was the sullen acquiescence of Sinn Féin in a settlement between the mainstream unionists and Mr Hume's nationalists.

That Mr Adams seems ready to be party to the accord - albeit subject to endorsement by Sinn Féin's annual conference - is testimony to the transformation in the politics of the province. For all its protestations otherwise, Sinn Féin is indistinguishable from the provisional IRA, which has waged terrorist war against the British "statelet" for 30 years. Similarly remarkable, if more widely expected, is the consent to the deal of two parties - the DUP and the UUP - representing two of the main groups of loyalist paramilitaries.

The bedrock on which it has all been built is the acceptance by nationalism of the principle of consent. Subject to its referendum, the Republic is to replace its constitutional claim to the province with the aspiration of Irish unity. Nationalists are to

acknowledge that the goal of a united Ireland is possible only with the consent of the unionist majority in the North. The partition of 1921, in other words, is to be modernised.

In return, Mr Trimble's unionists have agreed that nationalists in the province must be given equality of esteem. The minority has the same right to declare its Irishness as the majority to pro-

**The traditions of the IRA say its weapons may be buried, but never surrendered**

claim its Britishness. It is called parity of esteem.

There is more to the package. The so-called equality agenda pressed by nationalists and republicans provides for reform of the province's protestant-dominated police force, for the release on licence of terrorist prisoners, and for the phased withdrawal of British troops from the province. The relationship between Dublin and London, so long haunted by the dispute over the North, will be put on a new footing. The devolved governments of Scotland, Wales and Northern Ireland will be linked in a new British

Irish Council. One does not have to read the fine print negotiated by the parties over three tortuous days and nights to identify the central tension in the document. If it is to win the support of unionism and nationalism alike, it must speak two languages with one voice. Unionists must be offered stability, nationalists the prospect of further change.

The risks that this carries for Mr Trimble are obvious. To secure the prize of consent, the leader of mainstream unionism has gone further than any of his predecessors in acknowledging an all-Ireland dimension in the affairs of the North. For that vision, Mr Trimble has already been assailed as a traitor by Ian Paisley's Democratic Unionist party. Mr Paisley's sectarian politics are rooted in the fear of many grassroots unionists that British governments are ever eager to rid themselves of Northern Ireland by "selling out" to the Republic. Mr Paisley will wage a bitter campaign against a yes vote in the referendum. So too will Robert McCartney's UK Unionist party. Even as the talks at Stormont came to a conclusion last night, dissident voices in Mr Trimble's own party were being heard in their support.

Still greater uncertainty surrounds the position of Sinn Féin. If Mr Trimble must convince his supporters that this agreement is above all about strengthening the union, Mr Adams must do the

opposite. For republicans to back the accord and forsake the violence of the past 30 years, it must be seen as a stepping stone to a united Ireland. So even as Mr Trimble downplays the significance of the new cross-border institutions, Mr Adams will promote them as an embryonic all-Ireland government.

In his talks with the Sinn Féin leader over several months, Mr Blair has been convinced of Mr Adams's good faith. Others fear that the Sinn Féin leadership is engaged in an audacious game that could yet see it return to violence. And as it stands, the party's constitution prohibits Sinn Féin recognition of the Northern Ireland assembly that is pivotal to yesterday's agreement. The party's annual conference, will debate the issue in 10 days' time. But several republican splinter groups, including the Continuity Army Council and the Irish National Liberation Army, have already rejected any accommodation with unionism.

Mr Blair will admit that, if faced with the choice, Mr Adams would choose the unity of Sinn Féin/IRA over a settlement with unionism. The fate of Michael Collins, the IRA leader murdered in 1922 after putting his name to partition, has not been forgotten in the republican movement.

There are a dozen other potential pitfalls. Nothing yet has been agreed on the decommissioning of paramilitary weapons. The history and traditions of the IRA say its weapons may be buried, but will never be surrendered. The awkward compromise hammered out between unionists and nationalists to define the relationship between the new assembly and the North-South bodies leaves ample room for future disputes. And it will take more than this week to bridge the gulf of mistrust between the two communities.

But for all the wrangling, posturing and irritating hitches that punctuated the last days of negotiation, there was a pervasive sense in Belfast that this was an opportunity that had to be seized.

The relationships between the main players - between Mr Blair, Mr Ahern and Mr Trimble in particular - have never been stronger. Mr Blair's huge majority has left him untroubled by opposition at Westminster. He has managed to take risks with Sinn Féin while winning the confidence of Mr Trimble. Mr Ahern, whose Fianna Fáil party is rooted in republicanism, was better placed than any of his recent predecessors to secure a revision of the Irish constitution. President Bill Clinton's White House has stood behind both prime ministers.

The images last night of the leaders of unionism and nationalism, of loyalism and republicanism, gathered in agreement around a single table were as remarkable as any seen in the history of Northern Ireland. It will take more than a day, indeed more than a year, to draw the deep bitterness and mistrust from the politics of the province. But for decades the absence of democratic politics has condemned the people of Northern Ireland to the misery of sectarian hatred.

Yesterday, as Mr Blair and Mr Ahern reminded us, was only a beginning. Some will attempt to destroy it. But the people now have the chance to shape a peaceful future. It was an historic moment.

MEN IN THE NEWS GERRY ADAMS AND DAVID TRIMBLE

## Enemies with the same task

John Murray Brown profiles the two men who must now sell the peace agreement to their supporters



After months of refusing to make eye contact across the negotiating table, David Trimble, the Ulster Unionist leader, could still not bring himself to shake hands yesterday with Gerry Adams, the Sinn Féin president.

In a peace process marked by sepia tones, it was perhaps asking too much for Mr Trimble to acknowledge his sworn enemy in a public display of reconciliation. Instead, emerging from the talks, Mr Trimble said this when asked if it would speak face to face with Mr Adams: "The question for you when Mr Adams comes out is whether his dirty squalid little terrorist war is over. When he accepts the democratic process, then we'll see."

It sounds an unpromising start. But as the province digests the details of the settlement of the Northern Ireland conflict, the durability of the agreement could yet depend on the political skills of Mr Adams and Mr Trimble. Of crucial importance will be how well they can sell what has been painstakingly negotiated in the peace talks to their rank-and-file supporters.

It is a reminder of what they need to do that, on the same day that Mr Trimble addresses his party's special council meeting, next Saturday Mr Adams will also be seeking the support of his party at its annual conference in Dublin.

The two men confront a common challenge. Mr Trimble faces dissidents in his own party. Four of his 11 MPs are opposed to any deal involving Sinn Féin. In addition to opposition from within, there are opponents from without, notably Ian Paisley, of the rival Democratic Unionists and Robert McCartney of the UK Unionists. Recent polls suggested there

was widespread scepticism that a deal could be done. Now that it has been achieved it will be scrutinised for any evidence that Mr Trimble has signed away the unionist birthright. Any slip-up will be seized on by opponents, which could be reflected in a poor showing in the forthcoming elections to the new 108-seat assembly.

Mr Adams is probably more secure politically. Sinn Féin does not tolerate much open criticism of its leadership. But as the date of the deal has approached, there has been a slow hemorrhaging of party support for his strategy.

More critically, the IRA has suffered the defections of key members including the quartermaster general believed to be linked to recent bomb attacks. Ronnie Flanagan, the chief constable of the Royal Ulster Constabulary, said there was now "a trickle" of IRA volunteers leaving the organisation to join hardliners opposed to the talks process.

On paper, the two men could hardly be more different. Mr Trimble is a middle-class academic lawyer, fond of opera. He lives (albeit with some police protection) in a comfortable suburban suburb of Lisburn.

Mr Adams is a working-class Belfast Roman Catholic from a family with a strong republican tradition. Originally a barman by profession, he has been a leading figure in the republican movement for almost 30 years. He too will look forward to a

time when he does not have to be guarded round the clock for his own security. He rarely sleeps in the same house on consecutive nights.

Their paths to the top also appear to have been very different. As just 23, Mr Adams was considered important enough in the IRA that William Whitelaw, then the UK home secretary, had him flown from the Maze jail for secret talks in London. Mr Adams had been jailed for mem-

bership of the IRA: he is believed to have been Belfast brigade commander during Bloody Friday, when nine people were killed and dozens were injured after a brief truce broke down.

In the early 1970s, Mr Trimble too was briefly involved in extremist politics, joining the short-lived Vanguard movement, a paramilitary unionist group which opposed the earlier experiment with power-sharing, the Sunningdale agreement.

He became an MP only in 1980. When he won the leadership of the Ulster Unionist party in 1985, he was opposed by all his parliamentary colleagues.

His power base is said to be among the party's more hardline elements. He championed the cause of the Orange marchers in his constituency, a moment forever captured in the minds of nationalists as he walked hand in hand with Dr Paisley down the Garvaghy Road, the Catho-

lic stronghold of Portadown. But Mr Trimble remains a lower. Friends say he is happier in Westminster than in the province. A prickly character in public, he is noticeably warmer in private. The next few weeks will test his abilities as a communicator.

It is often said that hardliners are better placed than moderates to sell difficult peace deals to their supporters because they cannot easily be accused of having sold out. If so, that should help both Mr Trimble and Mr Adams. Each in his own way has put his stamp on the peace process. Mr Trimble has proved a canny negotiator, using his forensic skills as a law lecturer at Queens University in Belfast to pick over the detail. More than that, he has articulated a less defensive unionist political stance. Unionists said they would never talk to Sinn Féin before of a handover of arms.

But Mr Trimble has shown himself a pragmatist. He justified his decision to go into the talks as the only way to confront militant republicanism. This approach has allowed the party to break out of its larger mental-ity.

Mr Adams, too, has abandoned some of the cherished ideals of republicanism. In a speech last month, he made clear that the negotiations would not deliver a united Ireland.

For a movement that once believed the British could be bombed out of Ireland, and which

only entered the talks process because this was seen as an alternative route to reunification, Mr Adams's analysis represented a big break with the near theological attachment to the primacy of force.

His own conversion to political methods had been long in the making. Writing under a pen name in *An Phoblacht* (Republican News, Sinn Féin's newspaper), Mr Adams was articulating an alternative to the "armed struggle" as far back as the early 1980s. It was here that he developed what became the republican strategy of "the armalite in one hand and the ballot box in the other".

Today he is acknowledged as the chief architect of the republicans' peace strategy. Without him, UK officials say, there would not have been a peace process at all. But he will still have to bring the republican movement with him if yesterday's settlement is to stick.

Crucial to the success of both men has been the personal rapport they have struck with others, if not between themselves. Mr Trimble has secured the confidence of Tony Blair, the prime minister. Mr Adams likewise enjoys ready access not just to the Taoiseach (prime minister) in Dublin but to important figures in the Clinton administration.

Officials point out that, as far as the rules of the talks were concerned, Sinn Féin's support for any settlement was not strictly required. But that misses the point. The personal trust between Mr Adams and Mr Trimble remains a potent symbol of just how far there is still to go.

Their animosity highlights the need for the deeper reconciliation between the two communities that will be needed if Northern Ireland is to reap the long-term benefits of yesterday's accord.



# The cult of gigantism

Is size being pursued and celebrated for its own sake? ask Richard Waters and Tracy Corrigan

"I'm going to change the world." Thus Sandy Weill explaining to a friend last weekend the mammoth merger he was about to announce.

For the corporate world, at least, this is no exaggeration. The plan to combine Travelers and Citicorp, each of which is worth around \$30bn, has left observers leaping through their dictionaries of superlatives. It would also put every other merger into the shade - until the next record-breaking deal comes along.

These days, it seems big just keeps on getting bigger. Philip Purcell, who pulled off the merger that created Morgan Stanley Dean Witter last year, predicted as much in November. "We're about to go from \$20bn to \$100bn deals," he said. Why? Because companies and investors want to do business with financial institutions that can do anything, anywhere, anytime. Mr Purcell's own ground-breaking merger, which was seen at the time as likely to precipitate similar combinations among more financial institutions, suddenly seems to be in a minor league.

It is not only the likes of banks, insurance companies and stockbrokers who are thinking this way. Two giant drug companies, SmithKline Beecham and Glaxo, recently tried to merge but failed. Telecommunications companies are caught in a spiralling succession of deals that has already led to one enormous takeover, that of MCI Communications by WorldCom. Yesterday, Cable and Wireless and Telecom

Italia confirmed they were in talks which could lead to the formation of the world's second largest international carrier. Yet more companies are now circling each other.

For example, London was recently swept by rumours that British Telecom was about to be bought by Bell Atlantic, or by Microsoft. After the merger of Citicorp and Travelers, is any deal, however outrageous it may have seemed a year ago, now possible?

Possible, perhaps. But the question is: would "any deal" be a good idea? Seen from one perspective, the search for size is a rational response to an accepted wisdom in the stock market - that big is beautiful. Wall Street's reaction to the Citicorp/Travelers announcement was euphoric: the combined market value of the two rose \$30bn in a day, almost as much as the market capitalisation of Merrill Lynch.

Markets like large companies for their stable and predictable earnings and for their ability to ride out "little local difficulties" such as a crisis in Asia. Their shares generally outperform smaller rivals.

As John Kay, of Oxford University's business school, has suggested, one reason why this may be the case is not that big companies become successful, but rather that successful companies get big. Microsoft was the world's biggest company, at least by stock market value.

Some of the pressures that are frequently listed as reasons for companies to get

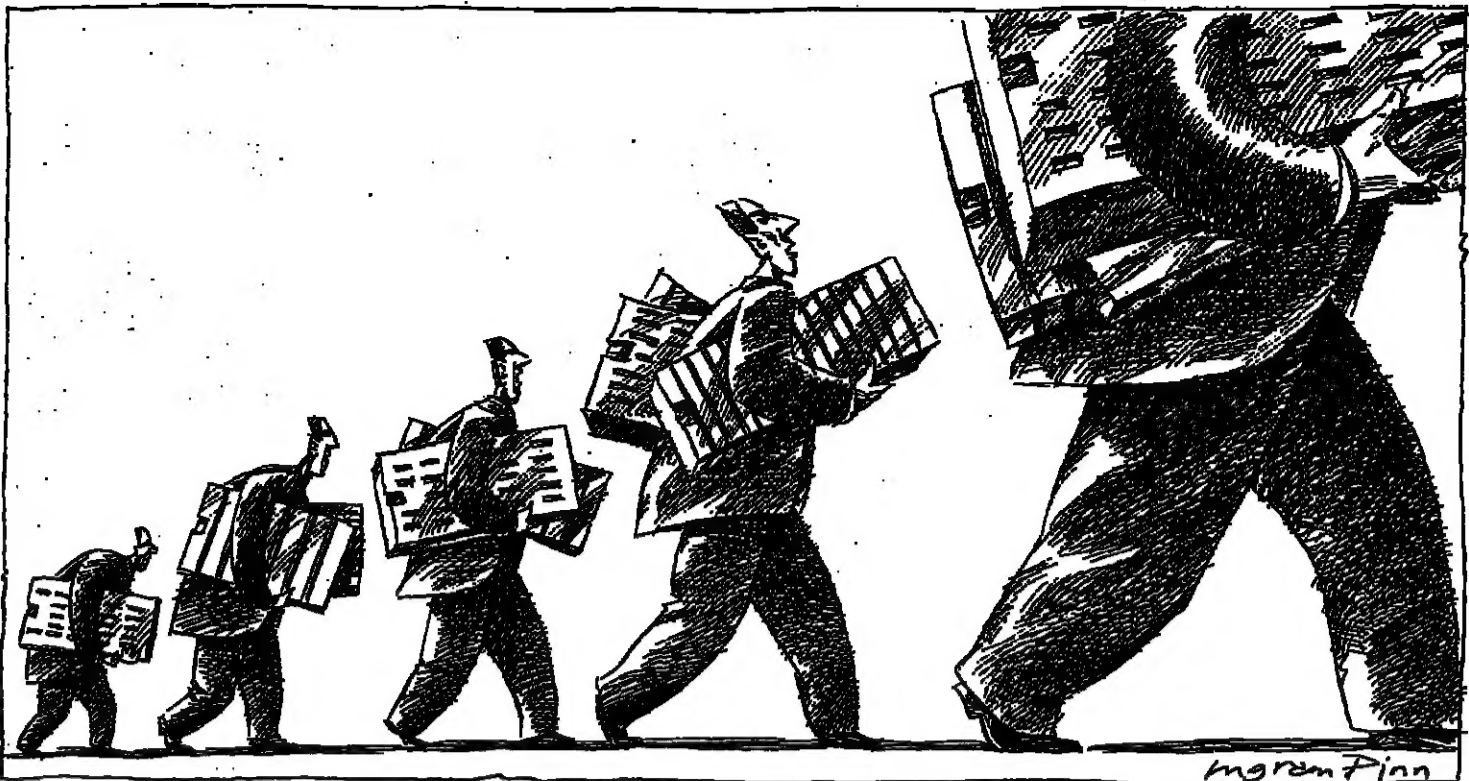
bigger - globalisation, the cost of technology, the growing importance of global brands - are real enough.

But seen in another light, merger mania is just that - mania. "Putting together two five-hundred pound gorillas to make a thousand pound gorilla does not necessarily make a stronger beast," says Sam Hayes, a professor of finance at Harvard Business School. In short, the cult of gigantism that has been emerging may not be particularly beneficial, either for the companies themselves or their customers.

Even investment bankers, who make their living from arranging such corporate marriages, seem to be beginning to wonder. "Is it being overdone? I don't think so, but it is closer to being overdone in financial services than other industries," says Steven Ratner, deputy chief executive of Lazard Freres in New York.

At times it looks as though a cult of gigantism has taken over and size is being pursued, and celebrated, for its own sake. The reaction to the Citicorp/Travelers announcement, carried a message that will surely not have got lost on other chief executives. "Markets just like action - a dramatic gesture that looks positive," says Rosabeth Moss Kanter, a Harvard Business School professor, who expresses scepticism about some aspects of the combination.

This is bad if it forces other companies to undertake mergers themselves without adequate reason.



Combinations like Citicorp and Travelers, or WorldCom and MCI, are widely expected to precipitate other combinations as rivals try to make up for perceived inadequacies stemming from their relative lack of scale. Copycat deals are often a disaster.

**'Markets just like action - a dramatic gesture that looks positive'**

There is also the rather disturbing fact that, while Wall Street seems to love big in all its guises, most management thinkers and consultants say that large mergers more often than not produce disappointing results - and that big and complex companies of the type Citicorp and Travelers

are trying to create often fail to achieve the potential benefits claimed for them.

According to an analysis by Mercer Management Consulting, two out of every three mergers fail - that is, they underperform their peers in the years after the combination. Serial acquirers - companies which, like Travelers, do so many acquisitions that they get good at them - are more likely than most to succeed. However, a combination on the scale of that planned with Citicorp is an entirely new venture in which Travelers' previous experience will be of little use.

Also, Citicorp and Travelers seem to have fallen into another trap noted by Mercer.

"If there is a corporate indictment, it is the amount of deals that are based on a vision, without an aggressive and detailed plan at the time they are agreed for putting it into action," says James Quella, a vice chairman at the consulting firm.

Simply having a big idea is not enough.

Even for companies that avoid the worst fallings of most mergers, there is the awesome task of getting to grips with a vast and often complex business.

Bigness itself may not be the main problem here. According to Ms Kanter, some industries may be better suited than others to operating on a global scale: telecommunications or airlines, for instance, generally benefit from extending their networks further afield.

The problem, rather, stems from the difficulty of running a company spanning many different products - particularly if it tries to find the illusive synergies that mergers so often fail to achieve.

Ms Kanter, who made a study of some of the unsuccessful attempts to create giant financial supermarkets during the 1980s, says that Mr Weill and his counterpart at Citicorp, John Reed, will have their work cut out for

them as they try to sell Travelers' insurance policies through Citicorp's bank branches or Citicorp's student loans through Travelers' sales channels. "I think they are brilliant men - but unless they are geniuses in human nature and organisation, then it's a myth, a fantasy."

Not all big and complex companies fail. John Cutler, a former head of Salomon Brothers, the investment bank that was recently absorbed by Travelers, calls General Electric "the exception to the rule". It has long been a big, successful and diversified company. But who knows whether even it will survive the eventual retirement of its chairman, Jack Welch, who is widely credited with creating the unusual conditions in which its disparate businesses have been able to thrive and produce its current bout of success.

Corporate history is littered with the corpses of once-great companies. ITT, a vast conglomerate that was formed in an earlier takeover boom, was finally wiped from the corporate map by a takeover last year after being progressively dismantled over a number of years. Corporate empires formed as recently as the 1980s, such as Hanson, are also being dismantled.

This latest boom in corporate bigness will also one day meet its antithesis. "Whether it's five years or 10 years from now, there will be a de-conglomeration," says Henry Kaufman, a Wall Street economist who also once worked at Salomon.

There seems little danger that the prospect of this future unbundling will stop the new mega-companies from being formed in the first place, though. As one Wall Street insider said of the reaction to Mr Weill's show-stopping merger: "It's a male thing. They are all in a tizzy with this deal because now Sandy's is bigger than theirs."



National symbol Rolls-Royce is likely to be sold to a foreign buyer, but may benefit from a new owner

**R**olls-Royce and the Savoy, Courtaulds and the Q&E: venerable British names, all up for sale to foreigners. Responses in the UK have fallen into the usual categories: handwringing over the nation's decline, and virile chest-beating from the free marketeers.

Neither is quite trustworthy. The handwringers miss the point that those businesses - Rolls-Royce in particular - may benefit from a change of ownership. The chest-beaters are mostly interested parties: business folk keen to preserve the freedom to buy foreign assets themselves.

It strikes me that behind both attitudes lies a more basic question. Where, if anywhere, do we draw the line? Is there a class of corporate assets so important that a nation's interest requires they be controlled from within its borders?

First, a couple of definitions: what is "the nation's interest" in such cases and what is "control"?

The first is fairly simple. We are talking here about jobs: well-paid, highly skilled, high added-value work of a kind that determines the nation's wealth.

That helps us define the second. Shareholders may own a company but they are not in the business of allocating where it does its work. That is the function of top managers. So for our purposes, "control" resides with the head office.

Those who believe the location of head office is important have two main arguments: national security, and the so-called "branch office" syndrome. The most obvious example of the first is the defence industry. Indeed, that would be most people's first response to the opening question - whether there is any class of business that needs to be controlled at home.

## Selling off the silver

The best people to own Britain's assets are not necessarily British, says Tony Jackson

the dark on classified work being done for the Pentagon.

It is easy to forget how far the security position has been undermined already. Few things are more vital to a nation's security than its ability to raise taxes. But the entire brain of Britain's Inland Revenue - its computer system - is controlled by EDS, a company with headquarters in a suburb of Dallas, Texas.

As for the branch office syndrome, it has been real enough in the past. Logic suggests, though, that it should fade with time.

The traditional worry is that head office attracts certain high-value functions, such as design, research and treasury management. Shift control of Rolls-Royce to Germany, and those functions will follow. The Rolls-Royce headquarters will become a screwdriver plant.

This rather glosses over the fact that some of Rolls-Royce's high-end activities, such as the supply of engines and transmissions, are in the hands of BMW already. But there is a more important general point.

A fundamental effect of the globalisation of business is that work tends to be dispersed to wherever it is best done. Software research gets sent to India, pharmaceutical R&D to North Carolina, biotechnology to California.

In such a world, head offices tend naturally to shrink, and to be less of a magnet for employment. This is just as well. For to the extent that work is located in the home country rather than where it is best

done, resources are being inefficiently deployed.

It should also be recalled that in a world of intellectual capital, added value tends to be retained by the workers themselves; and that they, in turn, gravitate to where their kind of work is being done. No one in their right mind would buy a high-tech company in Silicon Valley and then move it elsewhere.

That is why it does not matter that so many of London's investment banks, brokers and fund managers are now in foreign hands. London is where the expertise resides. The value of that expertise is largely extracted by the workers in the form of wages and bonuses.

At this point, I may be accused of snuggles. I am not a Rolls-Royce engineer or a Courtaulds chemist, nervously updating my CV. Very well: let us tackle that head on. I am a British journalist working for a newspaper controlled by a London-based parent, Pearson. Suppose Pearson decided to put the FT on the block. I would be deeply concerned over who the new owner would be. But would I care, on a *priori* grounds, whether it was British or foreign?

The honest answer is no. Suppose the FT were bought by, for instance, one of the US media giants. Why would it pay the new owner to shift the work somewhere else?

Or suppose, conversely, that the new owner found a source of equally good and cheaper journalists elsewhere. In that case, the hard truth is that my job would be in jeopardy anyway, regardless of who owned the paper.

And this is the nub. It is in the nation's interest that corporate assets are in the hands not of British owners, but the best owners; and that the nation's workers should be under the best employers.

It may well be, of course, that the best owner is British. If so, that is likely to be verified through the market for corporate control. If not, playing the British card is merely a short-term palliative. In the long run, it is a recipe for decline.

## The Japanese art of recession

From dwindling sushi sales to cheaper golf, signs of economic strain are everywhere, Gillian Tett writes

**A**t the start of the decade, some consumers felt so wealthy they were in the habit of sprinkling gold leaf on their sushi. Today, with the Japanese economy in crisis, not only is that practice dying out, but people are thinking twice about eating out at all.

"Business is tough," says Kentaro Nagasaki, executive manager of Chino Gyomu, a fish wholesaler at Tokyo's central fish market at Tsukiji, which supplies high-quality fish to sushi bars.

"There has been a big decline in demand from high-class sushi bars for business entertainment use," he says. "Some wholesalers buy only half or two-thirds the purchases they used to."

Falling sushi prices (at least at the top end of the market) point to Japan's broader economic malaise. As politicians wrangle about whether the statistics add up to a fully fledged recession, and pledge to stimulate the economy with yesterday's package of measures worth ¥16,000bn (¥72bn), signs of downturn are everywhere.

True, this does not look like an Anglo-Saxon recession. The Japanese remain wealthy by world standards, with average household savings at an estimated \$100,000 (£59,500). Tokyo shopping districts are filled with luxury shops and designer-clothing consumers still stroll the streets. Meanwhile, Japan's citizens are reluctant to admit - let alone display - any signs of suffering.

But behind the facade, hints of strain are appearing. "The pain... is gradually coming to the surface," says Ken Okamura, an analyst at Dresdner Kleinwort Benson. Paul Muller, a stockbroker with Schroders, the UK investment bank, agrees.

"What I notice is that it has become so much easier and cheaper to do many things in Tokyo now - taxis, restaurants, you name it."

The so-called "taxi diffusion" index - or the measure of passengers per mile - has fallen to its lowest level since records started in 1976. An official at Kokusai Jidosha, a Tokyo taxi company, says takings have

fallen 5 per cent in the past year even though the number of drivers has risen.

The golf industry is also suffering. The cost of joining a club 50 per cent below the 1990 peak and has dropped by a quarter in the past 12 months alone. Yuko, a housewife in Tokyo's Nerima ward, says a membership of Konoike golf club she sold in 1999 for ¥22m is now worth only ¥1m. "I feel very sorry for the person who bought my membership."

Examples of deflation abound. True, the annual inflation rate was 1.9 per cent in February, mainly due to last April's 2 per cent wage increase and I feel insecure about my future, so I don't buy any unnecessary or expensive things at all."

Ms Sasamoto's concern is justified. A host of companies have downgraded their profit outlook. Bad corporate news is so commonplace that the markets barely blink when nine companies, such as Daiichi and JAL, announced extraordinary losses of \$1bn or more.

This has given rise to one of Japan's largest electricity companies cut their rates by 4.5 per cent in February. Petrol prices have fallen 10 per cent in the past year, partly because of deregulation. Holidays to the beach resorts in Japan's southern island of Okinawa are ¥10,000 less than last year at around ¥35,000 to ¥40,000, according to Hankyu travel company.

All this might seem good news for consumers. But some Japanese simply cannot be persuaded to spend. "The business of my company is getting worse," says Yasuko Sasamoto, a female worker at a small company. "There has been no spring wage increase and I feel insecure about my future, so I don't buy any unnecessary or expensive things at all."

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## LETTERS TO THE EDITOR

### Too many tongues to be the world's language

From Mr Claude Raimond.

Sir, With reference to Sir, Tyler's suggestion that Britain make a millennium gift of English to the world ("Mother of All Tongues", April 4-5) - no thank you.

The varieties of English differ too widely to serve for precise international communication, since the working of an English sentence depends on the cultural, social and professional backgrounds of its speakers - as well as on a myriad of unspoken assumptions. Large European companies such as

Siemens and SKF communicate internally not in English, as Mr Tyler says, but in an English-based company dialect, which allows adequate communication within corporate boundaries only. By contrast, French in times past was spoken and written by the ruling classes of all civilised countries in exactly the same manner as by the ruling classes of France at the time. It mirrored the literature and culture of a single country, so that a phrase uttered in Vladivostok or Warsaw was perfectly understood in

Berlin or Rio de Janeiro.

French no longer provides a unique reference, and English isn't reliable for international communication. But one European language does qualify as a suitable - and better - replacement. Italian offers many options to express ideas clearly while rendering intricate shades of meaning. It enjoys a glorious literary heritage and has proved highly flexible in inventing new words, like *telefonino*, or incorporating foreign words. What is *telefonino* in English: a cellular phone, a

portable phone, a mobile, or a handy, as English-speaking Germans insist on calling it?

Thanks to its fairly simple grammatical structure, Italian is easy to learn. Above all, the spoken and the written forms correspond perfectly: whatever you can hear or say, you can write properly, and whatever you can read or write, you can also correctly pronounce. It's the ideal *lingua franca* for the new millennium.

Claude Raimond, 121, avenue Mozart, 75016 Paris, France

### A time for conciliation

From Mr Sajid Javid.

Sir, In the past week or so we have seen the world community continue to right many of the wrongs perpetrated against the Jewish people: the British government has apologised for its treatment of Nazi victims, the French have convicted an original Nazi (Maurice Papon) and new Nazi (Jean-Marie Le Pen), and Swiss banks have shown determination in returning assets to victims of the Holocaust. This is to be welcomed.

Benjamin Netanyahu, Israeli prime minister, should take this as a sign that the civilised world does really care about Israel and the Jews. Perhaps this will help him to show that he, too, cares for people other than his own, by being more conciliatory and pragmatic in his negotiations with the Palestinians.

Sajid Javid, 44 Dover St., London W1X 3R, UK

### Froth presents perils for tracker funds in a bull market

From Mr David Habakkuk.

Sir, Further to Ivar Kenza's letter on tracker funds (March 28-29) - in normal market conditions, these funds are an excellent way of low-cost investment. But in a frothy bull market, where the froth is concentrated in certain market sectors, they must by their very nature channel funds disproportionately to those sectors that are most overvalued - and continue to do so. Accordingly, they are a perfect mechanism for turning a bull market into a bubble.

Such a bubble can go on for a long time. But at a certain point, prospects for growth in the bubble stocks are patently exhausted. Everyone has an excellent

reason to sell, nobody has any reason to buy. And then the tracker promptly unravels the pattern of growth it has helped fuel.

But given the fact that this bull market is so largely fuelled by savings for retirement, any sharp unravelling of the pattern of growth, in calling into question the implicit assumption that

equities are safe, could be massively self-reinforcing: the cult of the equity might disappear almost overnight. And at that point a collapsing stock market can start having very marked effects on the real economy.

David Habakkuk, 22 Homefield Road, London W4 2LN, UK

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## COMMODITIES &amp; AGRICULTURE

# Concern over Russia lifts palladium

## WEEK IN THE MARKETS

By Kenneth Gooding, Robert Corzine and Paul Solman

Concerns about the lack of palladium exports from Russia, the biggest producer of this metal, have helped to lift the price to \$297 a troy ounce at one point on Thursday.

Dealers said speculators and industrial users were buying the metal as exports seemed likely to be delayed by the political manoeuvring in Russia.

Last year, bureaucratic and political hold-ups prevented Russia exporting palladium for the first six months. After Thursday's burst of buying, the price eased and closed in London at \$290 an ounce, up 86 on Wednesday.

On the London Metal Exchange, copper surged when buyers came in before the Easter weekend. Traders said the price was underpinned by the tightness of supply for immediate delivery. Three-month copper traded at \$1.77 a pound at one point before closing at \$1.76, up 20.1 a cent.

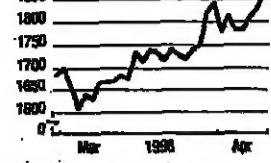
World oil futures climbed again on Thursday after Venezuela cancelled some export contracts as part of its commitment to cut output under a global price support scheme.

The Brent contract for May delivery was quoted at \$14.21 a barrel in late London trading, 24 cents up on Wednesday's close.

Over the past week, world oil markets have adopted a generally cautious stance

Coffee

Liffe 2nd position futures (2 per tonne)



LME warehouse stocks\*

	March 1998	Change
Aluminium	540.0	-2000
Copper	47.1	+1000
Lead	68.0	-1000
Nickel	500.0	+1000
Zinc	472.0	-500
Tin	7.2	-50

\* Thursday's close

about how effective the global agreement to cut production by at least 1.5m barrels a day will be. Many traders say it will take a month or so to see whether the promised cuts by members of the Organisation of Petroleum Exporting Countries and other producers such as Mexico, Norway, Russia and China are being implemented.

On the London International Financial Futures Exchange, robust coffee futures added to their gains, with tight supply helping the benchmark May contract to break through \$1.90 a tonne. It ended the day at \$1.906, up 84¢ from Wednesday's close and its highest level for almost 10 months.

Cocoa futures slid for the second day in a row, the May contract falling 23¢ to close at a six-week low of \$1,036 a tonne.

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Automated Metal Trading)

IN ALUMINIUM, ONLY FUTURE (2 per tonne)

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## PRECIOUS METALS

## LONDON METAL EXCHANGE

(Prices from Automated Metal Trading)

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## GRAINS AND OIL SEEDS

## LONDON METAL EXCHANGE

(Prices from Automated Metal Trading)

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## CURRENCIES &amp; MONEY

## Japan buys yen

## MARKETS REPORT

By Sam Kuper  
and Richard Adams

Masaru Hayami, the bank's Governor, was quoted by officials as saying the bank intervened in the foreign market three times on Thursday in New York to buy yen.

But the dollar sales in Tokyo were supposed to have been done secretly in order to maximise the impact on the market, bankers said.

In New York, Japan sold dollars at about ¥138.00-¥138.50 in the market. Critically, the dollar soon

retreated back above ¥138. It had earlier traded at ¥137.50, after described the dollar as "hectic" and "persistent". Investors were

surprised by the bank's unexpectedly strong action, which was exaggerated by

the volumes ahead of Easter holidays overseas.

The Bank of Japan was "at the right" said one dealer. "It had placed solid bids

slowly ¥130 were defeated by assistant sales."

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slowly ¥130 were defeated by assistant sales."

Japanese authorities in the exchange market to support the value of the yen.

Mr Rubin's words made a big impression on the market, because he is the main US spokesman on currencies and usually supports a strong dollar. A senior Treasury official yesterday

stressed that US foreign exchange policy had not changed.

Paul Meggs, senior currency economist at Deutsche Morgan Grenfell in London, said a stronger yen would

help exporters in Japan's crisis-hit Asian neighbours. He noted the yen was still

weaker than last May, when a G7 meeting helped push it to higher levels in a fortnight.

The US Federal Reserve carried out Thursday's intervention on behalf of the Bank of Japan, but did not use its own money.

Traders said the Fed sold dollars through its terminal on EBS, the electronic broking system, instead of telephoning banks as central banks usually do. They said

the Fed may have used EBS in order to make its intervention as public as possible.

The market had expected the Bank of England's monetary policy committee to announce unchanged rates on Thursday.

However, Jeremy Hawkins, chief economist at Bank of America in London, noted that the committee had

made no accompanying statement to suggest that the rates had now peaked. The chances of another rate rise

therefore remained, and would sustain the pound, he said. Furthermore, although

the economic recovery in continental Europe was now firmly established, there was no imminent need of sharp

rate rises in Germany.

The pound and short sterling futures contracts barely reacted to the Bank's decision on Thursday, partly

because the currency had already shed a penny against the D-Mark on Wednesday. The money

markets are still pricing in an above-average chance of one more UK rate rise.

Late on Good Friday the pound was little changed from Thursday, at DM3.049 to the D-Mark and at \$1.673 against the dollar.

Dollar

Against the D-Mark (DM\$)

Against the yen (¥\$)

Sterling

Against the dollar (\$£)

Against the D-Mark (DM£)

D-Mark

Against the French franc (FFDM)

Against the dollar (DM\$)

Source: Reuters

## POUND SPOT FORWARD AGAINST THE POUND

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## UK INTEREST RATES

## LONDON MONEY RATES

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## EBS EUROPEAN CURRENCY UNIT RATES

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## BASE LENDING RATES

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## OTHER CURRENCIES

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## WORLD INTEREST RATES

## MONEY RATES

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## EURO CURRENCY INTEREST RATES

Month	Spot	1m	3m	6m	12m
Jan	1.6730	1.6730	1.6730	1.6730	1.6730
Feb	1.6730	1.6730	1.6730	1.6730	1.6730
Mar	1.6730	1.6730	1.6730	1.6730	1.6730
Apr	1.6730	1.6730	1.6730	1.6730	1.6730
May	1.6730	1.6730	1.6730	1.6730	1.6730
Jun	1.6730	1.6730	1.6730	1.6730	1.6730
Jul	1.6730	1.6730	1.6730	1.6730	1.6730
Aug	1.6730	1.6730	1.6730	1.6730	1.6730
Sep	1.6730	1.6730	1.6730	1.6730	1.6730
Oct	1.6730	1.6730	1.6730	1.6730	1.6730
Nov	1.6730	1.6730	1.6730	1.6730	1.6730
Dec	1.6730	1.6730	1.6730	1.6730	1.6730

Source: Reuters

## THREE MONTH EURO CURRENCY FUTURES (LFF) 100,000 points of 100%

3 MONTH EUR/GBP FUTURES (LUFFE) DMS			
Open	Sett price	Change	
96.240	96.250	+0.005	96
96.100	96.110	+0.005	96
95.905	95.930	+0.015	95
95.790	95.810	+0.015	95
3 MONTH EUR/GBP FUTURES (LUFFE) DMS			
Open	Sett price	Change	
96.44	-		
96.36	-		
3 MONTH EUR/GBP FUTURES (LUFFE) L100			
Open	Sett price	Change	
95.24	95.29	+0.06	95
95.75	95.76	+0.04	95
95.67	95.90	+0.03	95
95.77	95.78	+0.01	95
3 MONTH EUR/GBP FUTURES (LUFFE) L100			



## UNIT TRUSTS

## WINNERS AND LOSERS

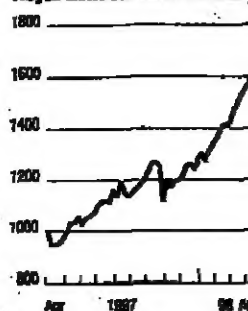
## TOP FIVE OVER 1 YEAR

Exeter Capital Growth	1,723
Royal London Euro Growth	1,557
Baring German Growth	1,556
CF Stoddley	1,556
Newton European	1,556

## BOTTOM FIVE OVER 1 YEAR

Save & Prosper Gold & Cap	466
HSBC Singapore & Malaysia Gth	443
Old Mutual Thailand Acc	450
Schroder Saudi	452
Save & Prosper Korea	455

## Royal London Euro Growth



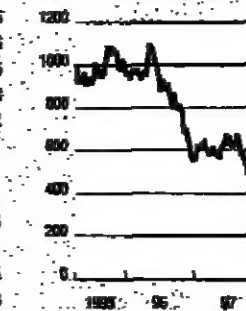
## TOP FIVE OVER 3 YEARS

Midwest UK Smaller Cos	2,735
GA North America Growth	2,626
Kinasep European Growth	2,585
Johnson Fry Smaller Growth	2,583
Thameside Euro Smaller Cos	2,532

## BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	291
Save & Prosper Korea	294
Schroder Saudi	321
Baring Korea	355
Schroder Japan Smaller Cos Acc	423

## Smith &amp; Prosper Korea



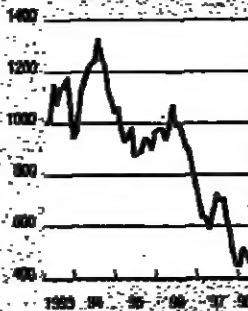
## TOP FIVE OVER 5 YEARS

Investco European Growth	3,833
Barclays European Smaller Cos	3,578
GA North America Growth	3,504
Jupiter European	3,498
Old Mutual European	3,403

## BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	269
Midwest Japan Smaller Cos	406
Fidelity Japan Smaller Cos	407
Baring Japan Smaller Cos	404
Schroder Japan Smaller Cos Acc	423

## Fidelity Japan Smaller Cos



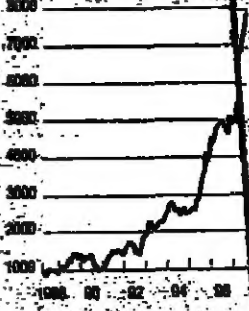
## TOP FIVE OVER 10 YEARS

JFC US Small Companies	10,085
HSBC US Smaller Cos	9,773
GA North America Growth	7,307
Franklin Templeton	7,357
Franklin Templeton	7,357

## BOTTOM FIVE OVER 10 YEARS

Baring Japan Smaller Cos	406
Baring Japan Smaller Cos	407
Midwest Japan Smaller Cos	406
Baring Japan Smaller Cos	404
Schroder Japan Smaller Cos Acc	423

## GA North America Growth



Tables show the result of investing £1,000 over different time periods. Trends are marked on 3-year performance. Morningstar past performance is not a guide to future performance.

## Indices

Average Unit Trust	1151	1514	1885	2229	3.5	2.3
Average Investment Trust	1268	1693	2211	2641	5.0	4.4
Bank	1041	1118	1203	1789	6.6	5.7
Building Society	1033	1113	1282	1730	6.6	5.4
Stockmarket: FTSE All-Share	1389	1879	2383	4347	2.7	2.8
Indexation	1034	1091	1126	1515	6.3	

## UK Growth

Johnson Fry Smaller Growth	1263	2583	2281	5118	2.8	0.7
Old Harley Growth	1239	2419	2653	2858	2.9	0.3
Exeter Capital Growth	1723	2320	3476		4.4	
Standard Life UK Eq Growth Acc	1314	2242	2576	4634	2.8	0.7
River & Mercantile 1st Growth	1368	2178	2885		2.8	0.4
SECTOR AVERAGE	1285	1794	2130	3222	2.8	1.4

## UK Growth &amp; Income

Fleming Select UK Income	1488	2102	2555	3713	2.7	2.5
HSBC Income Fund	1434	2002	2281		3.1	1.5
Lawrence Kent Income & Growth	1352	1980	2228		2.8	2.9
Britannia UK General Inc	1324	1987	2184	3108	2.8	2.5
Fidelity Moneybuilder Growth	1327	1986			2.7	2.0
SECTOR AVERAGE	1359	1777	2082	3358	2.7	2.1

## UK Smaller Companies

Midwest UK Smaller Cos	1222	2735			3.5	1.0
Gartmore UK Smaller Companies	1208	2587	3654	3312	3.3	1.1
Lawrence Kent Smaller Cos	1213	2303			3.1	1.2
Smith & Prosper Smaller Cos	1232	2188	2508	4153	3.4	0.1
Schroder Smaller Companies Inc	1174	2158	2482	3144	3.0	0.8
SECTOR AVERAGE	1120	1973	2001	2559	3.1	1.4

## UK Equity Income

Jupiter Income	1225	2134	2540	5168	2.3	3.7
Fidelity Income Plus	1398	1984	1995	2948	2.5	3.3
BWU UK Equity Income	1331	1955	2671	3480	2.5	3.3
Lazard UK Income	1283	1945	2407	4231	2.8	3.7
Britannia High Yield Inc	1325	1945	2417	4378	2.8	3.3
SECTOR AVERAGE	1287	1734	2072	3285	2.5	3.7

## UK Equity &amp; Bond Income

HSBC High Income	1291	1775			2.1	4.8
Aberdeen Pacific Eth Income	1286	1773	2088	3072	2.3	3.2
Edinburgh High Distribution	1322	1732	2111	2559	2.4	3.6
CS UK Income	1331	1732	2010		2.4	3.0
Midland Monthly Income	1217	1715			2.3	3.8
SECTOR AVERAGE	1228	1570	1832	2743	2.1	4.7

## UK Eq &amp; Bd

BWU Balanced Portfolio	1308	2113	2242		3.2	1.0
Perpetual High Income	1345	1884	2488	5388	2.8	3.4
Smith & Prosper Growth	1328	1783	2389	3054	2.3	2.7
Credit Suisse Monthly Inc Port	1288	1775	2255		2.5	3.2
NP UK Smaller Cos Inc	1257	1737	2128		2.3	2.0
SECTOR AVERAGE	1286	1712	2135	3474	2.4	2.7

## UK Fixed Interest

Aberdeen Pacific Fixed Interest	1172	1625	1854	2661	1.4	7.6
CU PPT Monthly Income Plus	1249	1553	1738		1.8	6.9
CU PPT Preference Inc	1252	1515	1642	2488	2.1	6.2
Edinburgh Convertible	1176	1508	1488	1878	2.3	4.8
Edinburgh Preferred High Inc	1228	1485	1836	2123	1.8	6.1
SECTOR AVERAGE	1135	1383	1511	2113	1.8	6.1

## UK Gift

Baring Exempt Fixed Interest	1288	1510			2.0	6.1
M&G Gilt & Fixed Interest	1182	1418	1540	2118	1.8	5.4
Mercury Long-Dated Bond	1215	1411			2.2	4.3
Gartmore PS Fixed Interest	1174	1385	1488		1.7	6.1
Murray Gilt	1189	1383	1487		1.5	6.0
SECTOR AVERAGE	1127	1272	1398	2008	1.4	5.4

## International Equity Income

GI International Income Inc	1214	1730	1985	3895	2.7	1.9
Marlin Corrie Int'l Income	1210	1658	1911		2.7	3.7
Midwest Global Income	1288	1585	1988	3057	2.4	2.2
M&G International Income	1205	1600	1813	3625	2.7	3.8
Prudential Global 100	1157	1477	1676	2658	3.3	0.6
SECTOR AVERAGE	1191	1563	1812	3058	2.8	2.4

## International Fixed Interest

Baring Global Bond	1058	1308	1408		1.5	5.1
Newton International Bond	1077	1280	1276		2.0	4.7
ASB Int'l Bond & Convertible	1084	1235	1315		1.2	5.5
City Financial Backward Int'l	1130	1254	1260	2089	2.6	5.8
Bardays BGI Int'l Fx Inc	1038	1223	1286		1.8	5.1
SECTOR AVERAGE	1018	1083	1129	1812	1.7	5.0

## International Equity &amp; Bond

Flaming General Opportunities	1285	1742	1814		2.3	2.9
Bank of Ireland Eq & Bond Growth	1158	1683	1824		2.5	2.1
GA Income Portfolio	1227	1590	1787		3.0	2.4
Marika & Spencer Inv Port Acc	1230	1572	1813		2.5	1.8
Cardale Portfolio (MULTI)	1212	1555			2.5	1.1
SECTOR AVERAGE	1197	1437	1631	2459	2.2	2.3

## International Gt

Franklin Financial	1483	2388	2778	7257	2.4	0.8
Save & Prosper Financial Secs	1388	2382	2654	5467	2.4	0.7
HSBC Financial	1449	2185	2882	4911	3.8	1.1
Franklin Templeton	1128	2116	2225	7886	7.1	
Aberdeen Pacific Technology	1230	2116	2165	7170	7.8	
SECTOR AVERAGE	1178	1531	1787	3258	3.8	0.9

## Nth America

GA North America Growth	1428	2626	3894	7007	4.4	
Dresdner RCM America Sm Cos	1400	2453	3465	4418	4.4	
Royal & Sun Alliance America	1428	2280	3168	6472	4.8	0.3
HSBC US Smaller Cos	1332	2280	3188	6773	5.3	
Henderson American Smaller Cos	1414	2277	2887	6795	5.2	
SECTOR AVERAGE	1313	1923	2186	4881	4.4	0.4

## Europe

INVESTCO European Growth	1487	2585	3635	6400	4.7	
Thameside Euro Smaller Cos	1423	2532	3377	5220	4.6	0.1
INVESTCO European Smaller Cos	1378	2460	3388	6228	4.3	
HSBC European	1294	2421	3488	6735	3.8	0.4
Newton European	1388	2374	2940	5835	4.3	
SECTOR AVERAGE	1388	1925	2891	4859	3.8	0.5

## Japan

GI Japan Growth	908	872	1038	1249	3.4	0.0
Marlin Corrie Japan Growth	884	885	894		3.0	
Marlin Corrie Japan	877	871	818		3.5	
Bardays Japan Growth	858	858	858	1050	5.5	
Newton Japan	867	823	847	1050	5.5	
SECTOR AVERAGE	798	834	891	797	3.8	0.2

## Far East Inc Japan

AB Growth Smaller China	819	1071	1491	2776	8.3	
Schroder Far East Growth Inc	867	911	1280		5.8	0.2
Jupiter Far East	776	878	1038		5.8	
Dresdner RCM Oriental Inc Inc	782	857	980	1857	5.3	3.4
Royal & Sun Alliance Far East	701	857	1041	1151	5.7	1.2
SECTOR AVERAGE	728	778	854	1083	5.8	0.7

## Far East ex Japan

AB Growth Smaller China	830	1012	2127	2205	9.0	0.8
INVESTCO Hong Kong & China	864	1410	1578	3575	9.0	0.8
HSBC Far East Australia	883	1377	1648	3822	4.4	
Henry Cooke US East Enterprise	875	1208			6.5	1.1
Old Mutual Hong Kong	738	1115	1388	4718	8.8	1.6
SECTOR AVERAGE	805	771	1088	3111	7.8	1.2

## Best Peps

Midwest UK Smaller Cos	1222	2735			3.5	
GA North America Growth	1428	2626	3894	7007	4.4	
HSBC US Smaller Cos	1332	2280	3188	6773	5.3	
Franklin Templeton	1128	2116	2225	7886	7.1	
INVESTCO European Growth	1487	2585	3635	6400	4.7	
SECTOR AVERAGE	1286	1712	2135	3474	2.4	2.7

## Property

Aberdeen Pacific Property Str	1288	1714	2082		2.8	
Marwick Property	1102	1287	1831		1.0	1.0
Always Residential Property	1088	1215			0.8	0.5
Bardays Property	1031	1191	1424		0.8	0.5
SECTOR AVERAGE	1183	1352	1716		1.4	0.4

## Commodity &amp; Energy

M&G Australian Acc	880	1345	1726	2481	5.3	2.8
Save & Prosper Commodity	788	921	1187	1918	5.8	5.8
M&G Commodity	679	857	1233	1785	6.5	1.5
HSBC Natural Resources	791	885	1078	1587	5.3	1.3
TSB Natural Resources	734	836	1344	2541	6.1	0.5
SECTOR AVERAGE	689	819	1230	1840	6.7	1.1

## Investment Trust Units

Quaker High Inc Inv Trs Acc	1225	1713	2288		2.7	3.0
Quaker Investment Trusts Inc	1184	1710	2245		3.8	0.3
Quaker Fund of Investment Trs	1188	1572	2225	3786	2.8	0.1
Singer & Friedlander Inv Trs PI	1180	1552			2.7	1.8
Equitable Trust of Invest Trs	1152	1541	1867	3828	2.7	1.8
SECTOR AVERAGE	1182	1519	1888	3319	2.8	1.8

## Fund of Funds

Royal & Sun Alliance Portfolio	1210	1888	2
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**FT MANAGED FUNDS SERVICE**[illegible][illegible][illegible][illegible][illegible]

Company	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	9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**Int Cn:** Frequency at which interest is credited  
**Amount:**



## FT MANAGED FUNDS SERVICE

Offshore Funds

FT Managed Funds Service provides a comprehensive list of offshore funds, including their names, managers, and performance data. The list is organized by jurisdiction, with sections for Bermuda, Guernsey, Jersey, and Luxembourg.

OFFSHORE  
AND OVERSEASBERMUDA  
(FSA RECOGNISED)

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Bermuda Fund	Barclays	£100m	1.2%	5.1%	12.3%	18.5%
Barclays Bermuda Fund II	Barclays	£100m	1.1%	5.0%	12.2%	18.4%
Barclays Bermuda Fund III	Barclays	£100m	1.0%	4.9%	12.1%	18.3%
Barclays Bermuda Fund IV	Barclays	£100m	0.9%	4.8%	12.0%	18.2%
Barclays Bermuda Fund V	Barclays	£100m	0.8%	4.7%	11.9%	18.1%

BERMUDA  
(REGULATED)\*\*

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Bermuda Fund VI	Barclays	£100m	0.7%	4.6%	11.8%	18.0%
Barclays Bermuda Fund VII	Barclays	£100m	0.6%	4.5%	11.7%	17.9%
Barclays Bermuda Fund VIII	Barclays	£100m	0.5%	4.4%	11.6%	17.8%
Barclays Bermuda Fund IX	Barclays	£100m	0.4%	4.3%	11.5%	17.7%
Barclays Bermuda Fund X	Barclays	£100m	0.3%	4.2%	11.4%	17.6%

GUERNSEY  
(FSA RECOGNISED)

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Guernsey Fund	Barclays	£100m	1.3%	5.2%	12.4%	18.6%
Barclays Guernsey Fund II	Barclays	£100m	1.2%	5.1%	12.3%	18.5%
Barclays Guernsey Fund III	Barclays	£100m	1.1%	5.0%	12.2%	18.4%
Barclays Guernsey Fund IV	Barclays	£100m	1.0%	4.9%	12.1%	18.3%
Barclays Guernsey Fund V	Barclays	£100m	0.9%	4.8%	12.0%	18.2%

GUERNSEY  
(REGULATED)\*\*

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Guernsey Fund VI	Barclays	£100m	0.8%	4.7%	11.9%	18.1%
Barclays Guernsey Fund VII	Barclays	£100m	0.7%	4.6%	11.8%	18.0%
Barclays Guernsey Fund VIII	Barclays	£100m	0.6%	4.5%	11.7%	17.9%
Barclays Guernsey Fund IX	Barclays	£100m	0.5%	4.4%	11.6%	17.8%
Barclays Guernsey Fund X	Barclays	£100m	0.4%	4.3%	11.5%	17.7%

IRELAND  
(FSA RECOGNISED)

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Ireland Fund	Barclays	£100m	1.4%	5.3%	12.5%	18.7%
Barclays Ireland Fund II	Barclays	£100m	1.3%	5.2%	12.4%	18.6%
Barclays Ireland Fund III	Barclays	£100m	1.2%	5.1%	12.3%	18.5%
Barclays Ireland Fund IV	Barclays	£100m	1.1%	5.0%	12.2%	18.4%
Barclays Ireland Fund V	Barclays	£100m	1.0%	4.9%	12.1%	18.3%

IRELAND  
(REGULATED)\*\*

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Ireland Fund VI	Barclays	£100m	0.9%	4.8%	12.0%	18.2%
Barclays Ireland Fund VII	Barclays	£100m	0.8%	4.7%	11.9%	18.1%
Barclays Ireland Fund VIII	Barclays	£100m	0.7%	4.6%	11.8%	18.0%
Barclays Ireland Fund IX	Barclays	£100m	0.6%	4.5%	11.7%	17.9%
Barclays Ireland Fund X	Barclays	£100m	0.5%	4.4%	11.6%	17.8%

JERSEY  
(FSA RECOGNISED)

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Jersey Fund	Barclays	£100m	1.5%	5.4%	12.6%	18.8%
Barclays Jersey Fund II	Barclays	£100m	1.4%	5.3%	12.5%	18.7%
Barclays Jersey Fund III	Barclays	£100m	1.3%	5.2%	12.4%	18.6%
Barclays Jersey Fund IV	Barclays	£100m	1.2%	5.1%	12.3%	18.5%
Barclays Jersey Fund V	Barclays	£100m	1.1%	5.0%	12.2%	18.4%

JERSEY  
(REGULATED)\*\*

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Jersey Fund VI	Barclays	£100m	1.0%	4.9%	12.1%	18.3%
Barclays Jersey Fund VII	Barclays	£100m	0.9%	4.8%	12.0%	18.2%
Barclays Jersey Fund VIII	Barclays	£100m	0.8%	4.7%	11.9%	18.1%
Barclays Jersey Fund IX	Barclays	£100m	0.7%	4.6%	11.8%	18.0%
Barclays Jersey Fund X	Barclays	£100m	0.6%	4.5%	11.7%	17.9%

LUXEMBOURG  
(FSA RECOGNISED)

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Barclays Luxembourg Fund	Barclays	£100m	1.6%	5.5%	12.7%	18.9%
Barclays Luxembourg Fund II	Barclays	£100m	1.5%	5.4%	12.6%	18.8%
Barclays Luxembourg Fund III	Barclays	£100m	1.4%	5.3%	12.5%	18.7%
Barclays Luxembourg Fund IV	Barclays	£100m	1.3%	5.2%	12.4%	18.6%
Barclays Luxembourg Fund V	Barclays	£100m	1.2%	5.1%	12.3%	18.5%

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(REGULATED)\*\*

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Barclays Luxembourg Fund X	Barclays	£100m	0.7%	4.6%	11.8%	18.0%

LUXEMBOURG  
(REGULATED)\*\*

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Luxembourg Fund XI	Barclays	£100m	0.6%	4.5%	11.7%	17.9%
Barclays Luxembourg Fund XII	Barclays	£100m	0.5%	4.4%	11.6%	17.8%
Barclays Luxembourg Fund XIII	Barclays	£100m	0.4%	4.3%	11.5%	17.7%
Barclays Luxembourg Fund XIV	Barclays	£100m	0.3%	4.2%	11.4%	17.6%
Barclays Luxembourg Fund XV	Barclays	£100m	0.2%	4.1%	11.3%	17.5%

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Barclays Luxembourg Fund XVI	Barclays	£100m	0.1%	4.0%	11.2%	17.4%
Barclays Luxembourg Fund XVII	Barclays	£100m	0.0%	3.9%	11.1%	17.3%
Barclays Luxembourg Fund XVIII	Barclays	£100m	0.0%	3.8%	11.0%	17.2%
Barclays Luxembourg Fund XIX	Barclays	£100m	0.0%	3.7%	10.9%	17.1%
Barclays Luxembourg Fund XX	Barclays	£100m	0.0%	3.6%	10.8%	17.0%

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Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Luxembourg Fund XXI	Barclays	£100m	0.0%	3.5%	10.7%	16.9%
Barclays Luxembourg Fund XXII	Barclays	£100m	0.0%	3.4%	10.6%	16.8%
Barclays Luxembourg Fund XXIII	Barclays	£100m	0.0%	3.3%	10.5%	16.7%
Barclays Luxembourg Fund XXIV	Barclays	£100m	0.0%	3.2%	10.4%	16.6%
Barclays Luxembourg Fund XXV	Barclays	£100m	0.0%	3.1%	10.3%	16.5%

IRELAND  
(FSA RECOGNISED)

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Barclays Ireland Fund XII	Barclays	£100m	0.3%	4.2%	11.4%	17.6%
Barclays Ireland Fund XIII	Barclays	£100m	0.2%	4.1%	11.3%	17.5%
Barclays Ireland Fund XIV	Barclays	£100m	0.1%	4.0%	11.2%	17.4%
Barclays Ireland Fund XV	Barclays	£100m	0.0%	3.9%	11.1%	17.3%

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LUXEMBOURG  
(FSA RECOGNISED)

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Barclays Luxembourg Fund XVI	Barclays	£100m	1.1%	5.0%	12.2%	18.4%
Barclays Luxembourg Fund XVII	Barclays	£100m	1.0%	4.9%	12.1%	18.3%
Barclays Luxembourg Fund XVIII	Barclays	£100m	0.9%	4.8%	12.0%	18.2%
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Barclays Luxembourg Fund XX	Barclays	£100m	0.7%	4.6%	11.8%	18.0%

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(REGULATED)\*\*

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Barclays Luxembourg Fund XXVIII	Barclays	£100m	0.0%	3.8%	11.0%	17.2%
Barclays Luxembourg Fund XXIX	Barclays	£100m	0.0%	3.7%	10.9%	17.1%
Barclays Luxembourg Fund XXX	Barclays	£100m	0.0%	3.6%	10.8%	17.0%

LUXEMBOURG  
(REGULATED)\*\*

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Luxembourg Fund XXXI	Barclays	£100m	0.0%	3.5%	10.7%	16.9%
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LUXEMBOURG  
(REGULATED)\*\*LUXEMBOURG  
(FSA RECOGNISED)

Fund Name	Manager	Assets	YTD	1Y	3Y	5Y
Barclays Luxembourg Fund XXXVI	Barclays	£100m	1.1%	5.0%		



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# Financial and Tokyo weakens as economic plan disappoints

## tech sectors stage rebound

### AMERICAS

US shares rose sharply in a thinly traded market on Thursday, the last trading day of the week, helped by a rebound in financial and technology shares, writes John Labate in New York.

The Dow Jones Industrial Average closed 103.38 or 1.2 per cent higher at 8,944.86. The broader market rallied as well, with the Standard & Poor's 500 gaining 9.02 to 1,110.67.

Financial shares had their strongest day since Monday when Travelers Group and Citicorp announced plans to merge.

"We started the week with a large deal, and today we had some follow-through," said Warren Epstein, director of trading at Richard Rosenblatt in New York.

Banking shares rallied, sending the Philadelphia stock exchange's bank stock index up 1.7 per cent or 14.87 to 893.00.

Speculation that more business consolidations are on the way lifted brokerage stocks. Advent Group gained 9 per cent or \$2.94 to \$32.94. Among larger firms, Merrill Lynch rose \$2.4 to \$54.8.

Computer-related stocks had a mixed, though generally positive, day. The Nasdaq composite index, which is weighted in technology shares, gained 13.33 to 1,820.24.

The standouts were internet shares. Yahoo surged more than 17 per cent or

\$174 to \$1,147 after topping analysts' forecasts with its first-quarter earnings late on Wednesday.

Yahoo's performance sent other internet shares soaring, including online bookseller Amazon.com, which rose \$6 or more than 7 per cent to \$95.4. Recent IPO Doubleclick was up \$54 or more than 14 per cent to \$41.

Boeing shares slid \$4 to \$56.5 after the aircraft manufacturer said it would take a charge against earnings in the first quarter.

DuPont gained \$3 to \$74.4 after saying earlier in the week it would restructure its chemicals operations.

Bonds ended higher as the dollar fell and new figures on producer prices showed inflation remains well contained. The long bond ended up 1/4 to 108 1/2, yielding 5.88 per cent.

TORONTO ended an abbreviated week in positive territory on Thursday as the market tried to claw back lost in the previous two sessions. The TSX-300 composite index advanced 49.50 to 7,620.84.

Laidlaw dropped C\$1.10 to C\$21.40 after reporting that second-quarter earnings fell to 21 cents a share.

The previous year's figure of C\$1.84 a share included an after-tax gain of C\$1.76 from the sale of its solid waste business.

## Jo'burg halts bull run

### SOUTH AFRICA

Johannesburg edged lower on Thursday although good volumes, boosted by asset swaps, lifted turnover to a very heavy R2.7bn.

The weakness was attributed to profit-taking ahead of the long weekend holiday which called a halt to the market's bull run for a second consecutive session.

The overall index lost 12.0 to 7,936.9, pulled down by

weak financials which lost 128.6 at 14,248.8. Industrials, however, overcame early weakness to close 18.5 higher at 8,358.3.

Gold slipped 8.3 to \$462.3 as bullion remained below the \$310 an ounce level.

JCI, the embattled mining house, surged 4.5 per cent to R27.80 on an announcement that it was disposing of its 58.8 per cent stake in CMI to Switzerland's Sudelektro for R15.50 a share.

### ASIA PACIFIC

Disappointment with the government's latest economic stimulus package pushed TOKYO down by as much as 1.5 per cent during the morning, before the market rebounded a little to end the day 0.3 per cent lower, writes Bethan Hutton.

Initial disappointment with the scale of planned tax cuts was mitigated by hints from Ryutaro Hashimoto, the prime minister, later in the day that income tax cuts might be made permanent, rather than for a year only.

However, a downturn monthly report from the Economic Planning Agency, using the gloomiest language yet in its description of the Japanese economy, held back any great improvement in sentiment.

The Nikkei 225 average ended a four-day rally by closing down 55.54 at 16,481.12 after moving between 16,520.48 and 16,265.23. The broader-based Topix index slipped 3.39 to 1,252.35 while the capital-weighted Nikkei 300 was 0.52 lower at 247.84.

Volume thinned to about 350m shares, from 370m on Thursday. Falling shares outnumbered gains by 662 to 436, with 156 unchanged.

Banking was among the day's most depressed sectors, partly affected by the post-package sell-off, but also by reports that Standard and Poor's had estimated Japanese banks' bad loans at ¥100,000bn - more than most previous estimates.

Sakura Bank fell ¥23 to ¥460, Sanwa Bank ¥20 to ¥1,190, Bank of Tokyo-Mitsubishi ¥40 to ¥1,680, and Dai-ichi Kangyo Bank ¥18 to ¥947, all in heavy volume.

The construction industry was also marked down as the scale of public works in the government package did not live up to some expectations.

The sector fell 1.6 per cent, and among individual shares, Fujita was among the heaviest losers after issuing a profits warning. Fujita dropped ¥14 to ¥1,004, Aoki

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stock requested after an eight-month suspension. It fell \$9.85 to \$39.40.

TAIPEI took its lead from Wall Street's overnight rally to bounce up to a high of 9,178.16 in early trade, but the gain quickly evaporated and the composite index finished 36.29 lower at 9,054.02.

Microchip giant Taiwan Semiconductor lost T\$4 to T\$163 in spite of a good sales report.

KUALA LUMPUR was held in check by negative local corporate news and the view that Tokyo's stimulus package was unlikely to boost the economy much.

The composite index lost 2.79 to 673.14 in this trade.

On Thursday, SEOUL jumped 3.8 per cent as rumours that foreign stock-holding rules would be significantly eased fanned buying of core blue chips.

The composite index closed up 12.88 at 488.11 after late profit-taking had pulled the measure down from a day's high of 475.03.

Brokers said sentiment also improved after the successful launch of \$4bn of the country's first sovereign bond offering in New York on Wednesday.

The finance ministry said on Thursday that the country plans to issue an additional \$1bn in sovereign bonds next month.

Market talk that the foreign stock ownership limit for state-run companies would soon be raised sparked buying of Posco, Won4,800, higher at Won65,800, and Kepeco, which rose Won900 to Won19,900.

KUALA LUMPUR turned down as key index issues broke a nine-session losing streak, helped by a firmer ringgit. The composite index closed 11.65 higher at 675.93 after trading between 665.93 and 676.92.

Shares of privatised utility Tenaga rose 15 cents to M\$8.50 and Telekom gained 60 cents to M\$11.90. Both have significant amounts of foreign-denominated debt.

Analysts said that comments by Anwar Ibrahim, the Malaysian deputy prime

minister, that changes in policies on ethnic Malay ownership in companies are permanent may have provided a "glimmer of confidence" to investors.

SINGAPORE firmed 1.3 per cent, helped by a better performance in regional markets, and the Straits Times Industrials index ended up 20.86 at 1,594.05.

Gains in a few index-linked stocks, but in thin volume, raised the average. Cycle & Carriage, the motor distributor, rose 45 cents to \$37.45.

TAIPEI reversed an early advance as a late sell-off in the electronics sector dragged the market to a sharply lower close.

The weighted index turned back from a high of 9,335.42 to close 173.13 or 1.9 per cent lower at 9,090.31 in active turnover of T\$171.5bn.

The electronics sector which traded higher early in the day in response to strength in US Nasdaq stocks overnight, turned back to close 2.4 per cent lower.

late last week and earlier this week.

STOCKHOLM was led higher by gains in the telecommunications sector, but trading outside the major blue chips was thin. The general index finished 27.83 higher at 8,574.18.

Automotive pulled up SKR9 to SKR260 on news that Ford and GM were to increase the use of side airbags in their new models.

Volvo B closed up SKR4 at SKR263.50, supported by news that Morgan Stanley had raised its target price to SKR300.

Prosilva, the computer company, resumed trading after Wednesday's suspension while management attempted to convince investors that the 1997 results were a true reflection of the company's position. But the B share fell another SKR9 to SKR280, extending the fall since the start of this month to almost 30 per cent.

Written and edited by Michael Morgan and Peter Hall.

## Milan rises sharply after three days in reverse

### EUROPE

With much of Europe closed for the Easter holiday, MILAN rebounded yesterday as it whittled away a lonely trading session. The real-time Mibtel index finished 427 or 1.75 per cent higher at 24,265.

Telecom Italia underperformed with a rise of 1.31 to L14,316 after it reported a fall in 1997 net profit and said that it planned an alliance with Cable & Wireless.

The market had traded lower for a third straight day on Thursday. However, the 324-point fall in the real-time Mibtel index to 24,265 was more subdued than Wednesday's 3.9 per cent tumble.

ATHENS celebrated a fresh intra-day record high shortly after the opening, but the market succumbed to selling pressure in banks and OTE telecom to close virtually unchanged.

Traders said that an absence of foreign investors weighed on the market in spite of local enthusiasm about the government's dis-

### FTSE Actuaries Share Indices

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## COMPANIES &amp; FINANCE

## DIVERSIFIED INDUSTRIALS COLLIERY AND BUY-BACK PLAN APPROVED

## Lonrho vote victory enhanced by Anglo

By Andrew Edgecliffe-Johnson

Lonrho's proposal to buy back a 21 per cent block of shares and to buy the Tavistock colliery in South Africa was passed by a narrow margin on Thursday, after an eleventh-hour intervention from Anglo American.

Anglo, which owned the 21 per cent stake until Thursday, had been prevented from voting its remaining 5 per cent holding at Lonrho's extraordinary meeting, as it was a related party.

Just hours before the meeting, however, Anglo sold its remaining 40m shares to SBC Warburg, its financial adviser, for 100p each - below the market price on Wednesday night of 106p. SBC Warburg then voted the shares in favour of

the Lonrho proposals.

Lonrho, which had required 75 per cent approval from those voting to approve its proposals, therefore received support from 75.4 per cent, or 304m shares, on a turnout of just under half the shareholders. Had the 40m shares not been enfranchised, Lonrho would still have cleared the 75 per cent hurdle but by just 1.96 per cent.

It is believed that two American mutual funds with 32m shares, Scudder Stevens & Clark and T Rowe Price, registered the largest votes against Lonrho's proposals. The rest of the 75m shares cast against the proposals are believed to have come from Société Générale and Tiny Rowland, Lonrho's former managing director.

It is understood that Anglo was not prompted by Lonrho to sell the shares, but did ask Lonrho whether enfranchising the 40m shares would be helpful.

Lonrho said: "The deal between Anglo and SBC Warburg followed Anglo's decision that it wanted to get rid of the shares in an orderly fashion. Anglo is a big company and does what it wants to do by itself."

Anglo could not be reached for comment, while SBC Warburg said only: "It was a bought deal at the market opportunity."

The London Stock Exchange said it had contacted SBC Warburg and examined the deal closely. It said: "We are very satisfied that the transaction did not break any rules." One



Sir John denied any subversion of shareholders' wishes after Anglo's timely share sale. Colin Bass

investment banker said he was not aware of any precedent for the transaction.

Advisers to Mr Rowland reacted angrily to what one described as "this extraordinary state of affairs". Matthew Knight, a lawyer for Mr Rowland, asked during

the meeting: "Is Anglo American trying to circumvent the will of the shareholders?"

Sir John Croxall, chairman of Lonrho, rejected such claims, saying there was "no question of subverting the wishes of the general body of shareholders".

Lonrho said after the meeting that the success of the vote was "dramatically important" to the group as it removed the overhang of a large block of shares for the first time in 30 years.

Lonrho's shares closed down 24p at 104p on Thursday.

## Cendant deals signal advance into Europe

By Katherine Smeaton  
Dancehead, Leisure  
Industries Correspondent

Cendant, the New Jersey-based consumer marketing company, plans to open between 50 and 70 Days Inn and Howard Johnson budget hotels in the UK through franchising deals over the next five years.

The group is also looking at franchising opportunities in France, Germany and Spain. Eric Pfeiffer, president of Cendant's hotels division - formerly known as HFS - said the group had wanted to enter the European hotel market for more than two years. "The UK transactions signal our intentions to aggressively expand our presence in Europe," he said.

Cendant is betting that two of America's best-known hotel brands will prove as successful in Europe as they have elsewhere. In a first move, it has granted a master franchise to Premier Hotels, a small Worthing-based company, to develop 14 hotels over seven years.

Budget hotels are the UK hotel industry's fastest-growing sector. The number of budget rooms has trebled over five years to just under 22,000, according to Deloitte & Touche, the accountants.

Cendant already has a number of businesses in the UK, including RCI, the holiday accommodation time-

share group, and the National Parking Corporation which it bought last month for \$201m (\$1.3bn). Some of the hotels are likely to be built on sites now used as car parks.

Other hotel groups have already spotted opportunities in the fast-expanding budget sector. Whitbread's Travel Inn and Granada's Travelodge account for nearly three-quarters of available budget rooms. Holiday Inn, which has 15 mid-price Express hotels, aims to have more than 100 in the next three to five years.

John Warwick, managing director of Premier, which has two hotels and 10 under construction, said European markets were "in dire need" of mid-priced hotels.

Cendant is the world's largest hotels group and has grown rapidly this decade through franchising deals which have given it 16 per cent of the US hotels market.

Its largest markets after the US are Canada, Mexico and China. Hotel franchising is less widespread in Europe than in the US, but has been growing in recent years. Choice Hotels, the second-largest US hotel franchising group, in 1996 granted Friendly Hotels the master franchise in the UK and Ireland to develop hotels under two of Choice's main brands, Comfort and Quality.

## Singer &amp; Friedlander plans Hungarian bank stake

By Vincent Holland and Virginia Marsh in London and Kester Eidy in Budapest

A group of investors led by Singer & Friedlander, the London-based merchant bank, is planning to buy a large stake in a Hungarian bank with a chequered history, in a deal involving the exchange of some \$300m in debt owed to Hungary by Russia.

The move is part of a rescue package of up to \$280m (\$132m) for Postabank, one of Hungary's largest banks, which looked to be close to collapse last year after a run on deposits by its customers.

Under a deal approved by Postabank's shareholders yesterday but yet to be finalised, Hungary's state privatisation holding company would also put up fresh capital.

Peter Medgyessy, Hungary's finance minister, said on Thursday that the group led by Singer had signed a letter of intent to buy new shares in Postabank for \$130m. As part of the deal, the consortium would buy from the government, at a deep discount, some \$300m of debt owed by Russia to Hungary. It is thought the discount could be as great as 50-60 per cent of the debt's face value.

The group of investors, which includes investment funds managed by Dresdner Kleinwort Benson, would take a stake of up to 40 per cent in the bank. DKWB is also advising on the transaction. The stake would eventually be sold to a strategic partner or floated.

The bank has been looking for a strategic partner, however, since its difficulties early last year. The state had

to step in with a \$11bn cash injection after customers withdrew \$124bn in four days.

Some of the bank's existing shareholders are also expected to participate in the capital increase. These include Österreichische Postsparkasse, an Austrian savings bank, which at present has a 7.3 per cent stake, EA-Generali, Austria's largest insurer, which has 3.9

per cent and MFB, the Hungarian state development bank, which has 4.8 per cent.

Postabank, which also has extensive media interests, made a \$112m pre-tax loss last year and its assets fell to \$135bn (\$137bn). However, Deloitte & Touche, the bank's auditors, told yesterday's annual meeting that a consolidated balance sheet yet to be prepared might unveil further losses.

## Vickers sees Rolls-Royce sales pick up

By Jonathan Ford

Worldwide sales of Rolls-Royce and Bentley luxury cars fell by 44 per cent in the first quarter of 1998, hit by a fall-off in production of the old four-door Silver Spirit and Bentley Turbo models ahead of the Silver Seraph range which was launched at last month's Geneva motor show.

The sales dip comes at a sensitive time for Vickers, the engineering company

which owns Rolls-Royce Motors and is negotiating to sell the subsidiary to BMW for \$240m (\$668m).

However, Vickers said the dip was temporary and that it expected sales to pick up as the year went on. "It is reasonable to assume that Rolls-Royce will achieve the same level of sales this year as last, but more profitably," said a spokesman. In 1997, Rolls-Royce sold 1,918 cars.

Vickers said first-quarter sales of Rolls-Royce and

Bentley cars had fallen from 446 to just 251. UK sales, which accounted for nearly two thirds of the total, had

fallen 36 per cent to 151 cars. The US, the second biggest market for Rolls-Royce, dipped 45 per cent to 51 cars. The worst-hit markets were the Middle East and Africa, where sales declined by 71 per cent to five cars, and Japan, which fell 81 per cent to just six.

Rolls-Royce has a backlog of orders for about 300 of the

new Silver Seraph - each costing \$155,000. It said sales of its two-door Bentley range, which was unaffected by the model change, were progressing well.

Vickers announced at the end of March that it would enter into exclusive negotiations for one month to sell Rolls-Royce to BMW. Volkswagen is thought to have subsequently tabled a higher offer. Any sale would be subject to the approval of Vickers shareholders.

## Alcatel sells Cegelec to GEC Alsthom

By David Owen in Paris

GEC Alsthom, the Anglo-French power engineering and transport joint venture, has signed an agreement with Alcatel Alsthom to acquire its French shareholder's Cegelec electrical contracting and industrial process control businesses.

The price is so far undisclosed, but is understood to be between Ecu500m (\$577m) and Ecu550m, plus the bulk of the substantial cash pile

contained in the business. Alcatel is understood to have received several offers for the activities.

The deal, which was first shadowed last month by Serge Tchuruk, Alcatel chairman, is widely recognised as making sound strategic sense, given the complementary nature of the businesses.

Pierre Bilger, GEC Alsthom's president, welcomed the agreement, saying his company knew Cegelec well,

having worked with it on numerous projects. The acquisition would "enhance the provision of added-value services" to GEC Alsthom's customers and boost future business prospects.

Alcatel said the disposal would enable it to focus on its core telecommunications and cables and components businesses. Confirmation of the deal comes some two months before GEC Alsthom is expected to be floated.

Under an agreement out-

lined in December, Alcatel and General Electric Company of the UK, co-owners of GEC Alsthom, will each retain 24 per cent in the company, with the remaining 52 per cent to be listed on the Paris, London and New York exchanges. It was estimated at that time that the flotation could value the company at \$8bn-9bn. In the year to March 31, 1997, GEC Alsthom made an operating profit of Ecu558m on turnover of Ecu8.4bn.

**ETBA Finance**  
ECONOMIC & FINANCIAL SERVICES S.A. (formerly GREEK EXPORTS S.A.)

**ANNOUNCEMENT**

**FIRST INTERNATIONAL PUBLIC AUCTION TO THE HIGHEST BIDDER FOR PURCHASING THE ASSETS OF GEORGE DOURANDAKIS HOTEL & TOURIST ENTERPRISES S.A.**

ETBA FINANCE ECONOMIC & FINANCIAL SERVICES S.A. (formerly GREEK EXPORTS S.A.), established in Athens (1 Eraltothensou St.), as special liquidator of GEORGE DOURANDAKIS HOTEL & TOURIST ENTERPRISES S.A. which has been placed under special liquidation by Decision No. 170/1997 of the Appeal Court of Crete and within the framework of article 46a of Law 1992/1990, as supplemented by article 14 of Law 2000/1991 as in force today

**ANNOUNCES**

a First International Public Auction to the Highest Bidder with sealed, binding offers for the total assets of GEORGE DOURANDAKIS HOTEL & TOURIST ENTERPRISES S.A. now under special liquidation.

**Summary description of the company and its activity**

GEORGE DOURANDAKIS HOTEL & TOURIST ENTERPRISES S.A. owns and runs the B Class VRIOTOMARTIS hotel complex in the Hora Station area of the Prefecture of Chania, Crete, situated on a plot of land 27,800 m<sup>2</sup> in area and with a capacity of about 161 beds. The hotel unit consists of a two-story central building with a basement and a total area of 3,275.68 m<sup>2</sup> and 8 bungalows with a total area of 1,471 m<sup>2</sup>. Roads have been built in the surrounding area as well as two swimming pools, a tennis court, an open-air theatre, biological sewage treatment, a water storage tank, etc. More information and a detailed description are contained in the Offering Memorandum which is available to interested parties.

**Terms of the Announcement**

- The auction will be conducted in accordance with the provisions of article 46a of Law 1992/1990 as supplemented by article 14 of Law 2000/1991 as currently in force; the terms contained in the present announcement and the terms contained in the Offering Memorandum, regardless of whether or not they are repeated in the present. The submission of a binding offer implies acceptance of all these terms.
- For a fuller awareness of the company for sale, interested buyers are invited to receive, on signature of a confidentiality agreement, the detailed Offering Memorandum and ask for any other information.
- In order to participate in the auction, interested parties must submit a sealed, binding offer to the notary public assigned to the auction, Mrs. Ioanna Christou Balanga-Dourandaki at Hora Station, tel (30825) 91303 by 12:00 noon on Tuesday, 5<sup>th</sup> May 1998. The submission of offers should be made in person or by a legally authorised representative. Offers submitted beyond the time limit will not be accepted or taken into consideration. Offers must not contain terms upon which their bindingness will depend or which create vagueness with regard to the amount or the method of payment of the offered price or with regard to any other essential points. The liquidator and the creditors maintain the right, at their irreparable discretion, to reject offers which contain terms and exceptions, or consider them to be non-contained, in which case the offer remains binding with regard to the rest of its content.
- Offers must be accompanied, on penalty of cancellation of the offer, by a letter of guarantee from a bank legally operating in Greece, to the amount of fifty million drachmes (GDR 50,000,000) as per specimen contained in the Offering Memorandum, valid until its return to the guarantor bank and guaranteeing both the substance of the offer submitted and any improvements made to it.
- The offers will be opened by the notary in her office at 14:00 hours on Tuesday, 5<sup>th</sup> May, 1998. Interested parties who have submitted binding offers within the time limit are entitled to attend the opening of the offers.
- Offers must specify the state of the offered amount, the time and place of payment and in the event of part payment on credit, whether this will bear interest or not, the interest rate as well as the safeguards for final settlement.
- Essential criteria for evaluating the offers are: a) the size of the amount offered, b) the guarantees provided for settlement of any balance on credit and the fulfilment of other terms, c) the reliability and creditworthiness of the interested party.
- For all the above points as well as for the remaining terms to be agreed upon, the buyer must accept parity clauses, additionally covered by property or other securities, which will guarantee compliance with the terms agreed upon.
- The elements which make up the company's assets shall be sold "as is and where it" and, more specifically, in their actual and legal condition and at the place where they are situated on the day of signature of the sale contract. The liquidator and the creditors are not responsible for legal or actual defects or deficiencies of any kind of the assets for sale, nor for any incomplete or inaccurate description of them in the Offering Memorandum. Interested parties should, with their own means and diligence and at their own expense, look into and form their own assessment of the objects for sale. The submission of an offer implies that the interested party is fully aware of the legal and actual state of the objects for sale.
- In the event that part payment is on credit, the present value will be taken into account in evaluating the offer, which will be calculated on the basis of the interest rate in force, at the time of submission of the offer, for Greek Government bonds of one year's duration.
- In the event that the person to whom the assets of the company under liquidation are adjudicated fails in his obligation to appear at the time and place specified in the liquidator's invitation, in order to sign the relative contract in accordance with the terms of the present Announcement and of his offer, as finally composed, then the guarantee, as above, is forfeited in favour of the liquidator and the creditors in order to cover all expenses of any kind, time spent and real or paper losses sustained, with no obligation to provide proof of such, and consider the amount as a penalty clause and collect it from the guarantor bank.
- The liquidator bears no responsibility towards participants in the auction, both with regard to the report assessing the offers or to his proposal of the highest bidder. Also, he is not liable and has no obligation to the participants in the auction in the event that the auction is cancelled or declared null and void of its result is deemed unsatisfactory.
- Those parties taking part in the auction and submitting offers do not acquire any right, claim or demand from the present Announcement and from their participation in the auction, against the liquidator or the creditors for any cause or reason.
- According to para. 13 of article 46a of Law 1992/1990 the sale contract and the necessary transfers accruing from it and any other relative transaction are exempted taxes, dues or state or third party rights or stamp duties, while the rights and fees of notaries, lawyers, supervisors and mortgagees are restricted to 30%. Any expenses incurred in the sale of the assets (VAT, the fees of lawyers, notaries and mortgagees, judicial supervisors, etc.) notes and other expenses are to be borne by the buyer.

The present was drafted in Greek and translated into English. However, in the event of differences occurring in translation, the Greek text will prevail.

In order to obtain the Offering Memorandum and for any additional information, please apply to the offices of the liquidator:  
1 Eraltothensou & Vass. Constantinou Sts. Athens, Tel. (301) 7260210, 7260506 and Fax (301) 7260864.

## Operators engaged in Italian connection

Paul Betts and Alan Cane look at the benefits a global alliance may bring to Cable and Wireless and Telecom Italia

The international telecommunications marriage-go-round is spinning again.

This time, the prospect of a global alliance between Cable and Wireless of the UK and Telecom Italia has broken a few months of unnatural calm in an industry that has become a byword for frantic change.

The deal, should it come about, is not the most obvious of service multinational partnerships. Observers say powerful personal chemistry between Dick Brown, C&W's energetic chief executive, and Gian Mario Rossignolo, Telecom Italia's new and reforming chairman, has been the key.

There is strong strategic logic, however. Neither company has, as yet, a confirmed international partner able to help it service multinational customers in areas where it is weak or unrepresented.

Geographically, the two have complementary networks. C&W is strong in the UK and in the Asia Pacific region and has a significant presence in North America and the Caribbean. It is developing a relationship with the Chinese government in hopes of access to mainland China.

Telecom Italia has a powerful European presence, an agreement with International Business Machines on the provision of a global network and owns most of Italy's cable do Brazil, which distributes Telecom Italia services throughout central and south America.

The Italian operator had been negotiating an alliance

with AT&T, the largest US long-distance carrier, but last month the talks were on the verge of collapse after Mr Rossignolo seemed to lose patience.

Yesterday Telecom Italia said negotiations with AT&T would continue but most observers believe limited co-operation in the Latin American market is the most that can be achieved. Even this could now be at risk in view of C&W's interests in Telecom Italia's presence in central and south America.

Mr Rossignolo has been under pressure to find an alternative international partner for Telecom Italia, especially since the original alliance with AT&T was billed in the company's privatisation prospectus as a significant component of its future strategy and internationalisation.

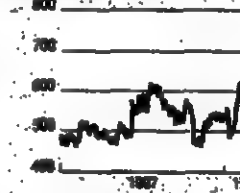
Critics of the former management have suggested the Italian group, in its hurry to secure an alliance with AT&T before flotation, negotiated a partnership that would have been more favourable to the Americans.

The Italian group has other problems. It is facing increasing pressure from rival Italian telecoms start-up groups planning to compete in the newly liberalised Italian market. Some groups have been raiding Telecom Italia's staff for technical managers.

It has warned that parent company net profits are expected to fall by about 10 per cent to L2,300bn (\$785m) from L2,568bn when it

## Along the same lines

Cable and Wireless  
Share price (pence)



Turnover (£bn)



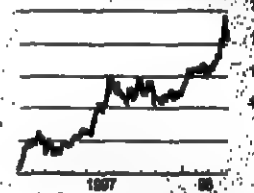
Pre-tax profit (£bn)



Market capitalisation: £18.8bn (200.1bn)

Source: Bloomberg, Reuters

Telecom Italia  
Share price (€100)



Turnover (€100bn)



Pre-tax profit (€100bn)



Market capitalisation: €175.64bn (€42.1bn)

Source: Bloomberg, Reuters

reports full results next month, as a result of L500bn worth write-downs on international and domestic assets.

And over coming weeks it is expected to undergo more internal reorganisation, which is already causing strains within the company and its board. But Mr Rossignolo appears intent in maintaining hands-on control.

This seems to be causing tensions with Mr Vito Gambale, managing director in charge of the group's telecommunications operations as well as the chief executive of the

group's highly profitable Telecom Italia Mobile (TIM), the separately quoted mobile phone subsidiary.

A successful deal with C&W would do much to strengthen Mr Rossignolo's hand. With the other principal global alliances in disarray - Global One is losing more money than anticipated, Concert has lost its US shareholder to WorldCom and AT&T-Unisource has failed to hold either Telefonica or Telecom Italia - the "John Wayne of Italian telecoms" seems to have captured the high ground.

## RESULTS

	Turnover (£bn)	Pre-tax profit (£bn)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
AFR Systems	11 to Dec 31	0.225	(0.384)	1.1L	(0.513)	10.8p	(10.5)	-
Alcan Resources	11 to Dec 31	1.2	(-)	0.001	(-)	-	-	-
Anglo American	11 to Dec 31	284.8	(240.5)	14.5A	(8.1A)	13	(4.4)	2.5A
BS Group	11 to Dec 31	7.28	(8.12)	0.198A	(1.42A)	2.58L	(18.12)	3.5
Calsonic	11 to Dec 31	0.432	(1.14)	0.21L	(0.65)	5.7L	(1.6)	30.6
Galaxy Teleco	11 to Dec 31	30.4	(28.1)	1.59V	(1.23)	30.6	(25.4)	8
London Engineering	11 to Dec 31	0.242	(0.411)	0.272L	(0.262L)	1.8L	(1.71L)	2A
London Holdings	6 mths to Dec 31	0.31	(0.212)	0.101L	(0.046)	2.04L	(2.65)	-
Unilever	6 mths to Dec 21	-	-	-	-	-	-	-
	Turnover (£bn)	Pre-tax profit (£bn)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Downing Health WCT	11 mths to Dec 31	95.5	(-)	0.292	(-)	3	(-)	1.8
TH Technology	11 mths to Dec 31	-	(-)	5.35	(4.53)	20.25	(12.5)	2.8
								10

Results shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. 10m increased capital. Delta stock. Foreign income deferred. A includes 5p special dividend. B includes 5p special dividend. C Comparative from incorporation on May 23 1996 to Dec 31 1996. D Comparative for 12 mths to April 30 1997.

مكتبة المجلد



## AEROSPACE \$350M CHARGE AGAINST NEW VERSION OF 737 AIRLINER SET TO CUT FIRST-QUARTER PROFITS

## Production problems to hit Boeing

By Christopher Parkes  
in Los Angeles

Boeing's problems with the production of its new version of the 737 airliner will shrink first-quarter pre-tax earnings to \$100m or less. A charge of \$350m, hinted at in a recent progress report, would bring the total levied against the project since last year to more than \$1bn.

The company issued the warning on Thursday, when Phil Condit, chairman and chief executive, said he expected pre-tax profits for the period, excluding the

charge, to be between \$400m and \$450m.

The charge represented a "forward loss" - the amount by which estimated production costs will exceed estimated revenues from sales of the first 400 aircraft.

Mr Condit also said the 737 would be priced lower than expected as a result of a "lower price escalation trend" and that more over-time would be needed as output was stepped up.

Raising the prospect of further charges, Mr Condit said much would depend on how the recovery plan, insti-

tuted last autumn, progressed.

The group planned to double the first-quarter's production rate of seven aircraft in the current reporting period and step it up to 21 later this year.

A charge of \$1.8bn was taken in the third quarter of 1997 after production lines stalled. As a result, Boeing reported its first loss in 50 years in 1997.

Earlier this week the company said it was having production problems with its newest model, the 717, which might delay the roll-out

planned for May. Officials said it was "evaluating" roll-out and test-flight dates for the aircraft, formerly known as the MD-95, which is the only McDonnell Douglas commercial project adopted wholeheartedly by the company's new owner.

However, signs emerged this week that confidence in Boeing's ability to deliver on time might be waning. International Lease Finance Corporation was quoted as saying his company was "sceptical about Boeing's recovery and so about the 717".

Boeing this week also admitted it had missed its first-quarter delivery target.

Boeing's military divisions suffered a setback as the defence department chose Lockheed Martin to build a new range of cruise missiles in a contract which could be worth \$3bn.

Failing to win the order for the air-to-surface stand-off missile, known as Jassam, means Boeing has no immediate substitute to replace production of a similar weapon it makes for the navy, which is coming to the end of its run.

## Job cuts threaten profits at KPN

By Gordon Cramb in Amsterdam

KPN, the Dutch post and telecommunications utility, faces a decline in profits after saying it would take a charge of between \$150m and \$200m to cover job cuts.

The announcement sent the shares 5.8 per cent lower on Thursday. It came as the group detailed its annual results and entered the final stages of the demerger of its postal side.

The mail unit - to be called TNT Post Group (TPG), reflecting its ownership by the Australian parcel carrier - will be spun off one-for-one to shareholders in June. It will assume \$1.65bn of KPN's \$17.57bn equity and 82,000 of its 115,000 full-time staff.

The job losses are to come at KPN Telecom, which is under pressure from new competitors following liberalisation of its home market last July.

Wim Dik, chairman of KPN, which is still 46 per cent state-owned, attacked the government and new national regulators for their attitude to his efforts to defend market share. Officials were setting prices and specifying in which sectors it could operate, he said.

"Their basic line of thinking in some ways looks like a privatisation."

KPN net profits rose 9.3 per cent last year to \$1.28bn. The then PTT Telecom contributed \$1.94bn.

For 1998, however, KPN expects an earnings rise of only 2 to 4 per cent before the redundancies charge, which would wipe out any gain. The shares fell \$1.40 to \$108.20.

TPG said its net profits should be 10-15 per cent higher than the \$1.84bn last year. This compares with a pre-forms \$1.58bn for 1998, when it agreed to the takeover of TNT.

KPN is paying a total dividend of \$1.80 per share against \$1.85.

## NEWS DIGEST

## BANKING

## JP Morgan senior debt downgraded by Moody's

J.P. Morgan, the US bank, suffered another downgrade of its senior debt late on Thursday as Moody's, the US credit rating agency, had lowered its ratings on the company from Aa2 to Aa3 and on its parent Morgan Guaranty Trust from Aa1 to Aa2. J.P. Morgan's said its action partly reflected the risks associated with J.P. Morgan's emerging market business, but was also a response to "the strong competitive pressures that the company faces throughout its broader global franchise".

Last month Standard & Poor's downgraded J.P. Morgan's senior debt from Aa+ to Aa. Richard Tomkins, New York.

## ADVERTISING

## Deal to resolve Publicis feud

Publicis, the French advertising agency, will merge its parent holding company with its quoted subsidiary within the next five years, in a deal which aims to resolve a bitter conflict between family shareholders.

Michèle Bleustein-Blanchet, one of the daughters of Marcel, founder of the agency, and her cousin Nicolas Rachline, will sell their 45 per cent stake in Somaril, which owns 38 per cent of Publicis and has 48 per cent of the voting rights. Their stakes will be acquired by Publicis employees, outside investors and Michèle's sister, Elisabeth Badinter, who chairs the Publicis supervisory board. In a second step, Somaril will be merged with Publicis by June 2003.

The transaction ends a feud triggered after the death of Marcel Bleustein-Blanchet, when Michèle tried to sell her Somaril shares and threatened legal action after she claimed that Elisabeth Badinter refused to offer her a reasonable price. Andrew Jack, Paris.

## BRAZIL

## British Gas eyes legal move

British Gas and Siemens, the German engineering group, are considering taking legal action against Eletropaulo, the Brazilian electricity company, if they are not reinstated as the winners of a US\$500m contract to build and operate a power plant in São Paulo. The two companies thought they had won the contract to supply energy to Eletropaulo, owned by the state of São Paulo, when they presented the lowest price at an auction in February. However, they were disqualified on technical grounds. Geoff Dyer, São Paulo.

## CARMARKING

## Chrysler beats expectations

Strong sales of sports utility vehicles and a lower tax charge helped Chrysler, the US carmaker, produce better-than-expected net profits of \$1,052bn in the first quarter, up from \$1,028bn last time. Earnings per share rose from \$1.45 to a first-quarter record of \$1.80 on a diluted basis. However, pre-tax profits fell from \$1,704bn to \$1,672bn. Richard Tomkins.

## Swiss chocolate groups aim to keep outlook sweet

The sector is threatened by growing imports and saturated markets, writes William Hall

The Swiss love their Easter bunnies. This weekend Switzerland's 7m population will consume about 15m chocolate bunnies at up to \$3.98 (\$45) apiece.

It helps explain why the Swiss are the world leaders in annual per capita chocolate consumption, guzzling 11kg, compared with 5.6kg in England, 5.3kg in the US and 3.0kg in Japan. The Swiss penchant for chocolate also helps explain why, in an era of increasing global industry consolidation, Switzerland can still support 16 individual chocolate manufacturers - ranging from giants such as Nestlé and Jacobs Suchard (part of Philip Morris) to independents including Lindt & Sprüngli and Chocolates Camille Bloch.

At first sight, Switzerland's chocolate industry looks in good shape. Last year, as the Swiss economy stagnated, it increased its sales 5 per cent to \$11.5bn, with roughly 50 per cent exported.

Switzerland's chocolatiers are also expanding abroad. Nestlé's 1998 acquisition of Rowntree's of the best-known names in the UK chocolate business, is the most famous example. But Klaus Jacobs, who sold his family business to Philip Morris in 1990, has bought into the Belgian chocolate industry, and Lindt & Sprün-



Consuming passion: Swiss penchant for chocolate helps support 16 manufacturers. Lydia van der Meer

gli has been buying up chocolate companies in Austria (Hofbauer) and Italy (Cafare). Most recently, it acquired Ghirardelli, one of the oldest and most venerable US chocolate companies.

However, unwrapping the statistics a little and it is clear that Switzerland's chocolate industry faces more serious threats. Lindt & Sprüngli reports this week that in Germany and France, its two most important markets, sales fell last year. Germany, which takes nearly a third of Swiss chocolate exports, is suffering from a surfeit. In the domestic market, meanwhile, Swiss chocolate faces

growing competition from imports, which now account for a fifth of all chocolate sales.

Ernest Tanner, Lindt & Sprüngli chief executive, says the markets are "relatively saturated" and that the only way to increase revenues is by moving up the quality and price spectrum. Lindt & Sprüngli is also attacking markets with below-average chocolate consumption.

Italy, Switzerland's immediate neighbour, is the most obvious target. Its population is more than six times that of Switzerland but its per capita consumption is less than a third of the Swiss average.

Not every country shares Switzerland's love of chocolate. Mr Tanner says that many Asian countries lack a "chocolate culture". Although Lindt & Sprüngli is already top in its market league in Japan, the average Japanese only eats 2kg of chocolate a year.

Mr Tanner, a former marketing man with Johnson & Johnson, the US healthcare group, is pinning his hopes on the US, where per capita consumption is less than half that in Switzerland.

This year's acquisition of Ghirardelli takes Lindt &

less than a third of the Swiss average.

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This year's acquisition of Ghirardelli takes Lindt &

Springli "from a distant fourth to a solid second" in the premium chocolate market in the US, he says. The company has 10 per cent of a \$1bn market which it believes will show above average growth over the next few years.

Meanwhile the Swiss industry is fighting to protect its name and quality image. Last year it went to court in the UK to force Cadbury to withdraw its Swiss Chalet chocolate bar, wrapped in a picture of the Matterhorn, because it was not made in Switzerland. Chocuisse, the Swiss trade industry association, argued that Cadbury was misleading consumers and that Swiss chocolate had the same rights to its name as Scotch whisky and Champagne.

A buyer for Marks & Spencer, the UK retail chain, told the court that Swiss chocolate was regarded by consumers as a premium product and its Swiss origin was a unique selling point. The judge agreed.

Next week when some foreign rivals start melting down their unsold chocolate Easter bunnies into Santa Claus moulds, in time for Christmas, Lindt & Sprüngli says its unsold bunnies will be given away to old people's homes.

## FT/SP ACTUARIES WORLD INDICES

The FT/SP Actuaries World Indices are owned by FTSE International Limited, London, and Standard & Poor's, New York. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries, London. The indices are a co-brand of the two indices.

NATIONAL AND REGIONAL MARKETS	FTSE 100	FTSE 250	FTSE 500	FTSE 1000	FTSE 1500	FTSE 2000	FTSE 2500	FTSE 3000	FTSE 3500	FTSE 4000	FTSE 4500	FTSE 5000	FTSE 5500	FTSE 6000	FTSE 6500	FTSE 7000	FTSE 7500	FTSE 8000	FTSE 8500	FTSE 9000	FTSE 9500	FTSE 10000
Australia (23)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Canada (23)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Denmark (24)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
France (25)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Germany (26)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Hong Kong (27)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Indonesia (28)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Italy (29)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Japan (30)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Malaysia (31)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Netherlands (32)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
New Zealand (33)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Norway (34)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Poland (35)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Portugal (36)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Singapore (37)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
South Africa (38)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Spain (39)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Sweden (40)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Switzerland (41)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
Thailand (42)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
United Kingdom (43)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
USA (44)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94
World (45)	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94	180.54	175.94

Source: FTSE International Limited, London, and Standard & Poor's, New York. All figures are in US dollars. "FTSE 100" is a price index of the 100 largest companies in the FTSE 100 index. "FTSE 250" is a price index of the 250 largest companies in the FTSE 250 index. "FTSE 500" is a price index of the 500 largest companies in the FTSE 500 index. "FTSE 1000" is a price index of the 1000 largest companies in the FTSE 1000 index. "FTSE 1500" is a price index of the 1500 largest companies in the FTSE 1500 index. "FTSE 2000" is a price index of the 2000 largest companies in the FTSE 2000 index. "FTSE 2500" is a price index of the 2500 largest companies in the FTSE 2500 index. "FTSE 3000" is a price index of the 3000 largest companies in the FTSE 3000 index. "FTSE 3500" is a price index of the 3500 largest companies in the FTSE 3500 index. "FTSE 4000" is a price index of the 4000 largest companies in the FTSE 4000 index. "FTSE 4500" is a price index of the 4500 largest companies in the FTSE 4500 index. "FTSE 5000" is a price index of the 5000 largest companies in the FTSE 5000 index. "FTSE 5500" is a price index of the 5500 largest companies in the FTSE 5500 index. "FTSE 6000" is a price index of the 6000 largest companies in the FTSE 6000 index. "FTSE 6500" is a price index of the 6500 largest companies in the FTSE 6500 index. "FTSE 7000" is a price index of the 7000 largest companies in the FTSE 7000 index. "FTSE 7500" is a price index of the 7500 largest companies in the FTSE 7500 index. "FTSE 8000" is a price index of the 8000 largest companies in the FTSE 8000 index. "FTSE 8500" is a price index of the 8500 largest companies in the FTSE 8500 index. "FTSE 9000" is a price index of the 9000 largest companies in the FTSE 9000 index. "FTSE 9500" is a price index of the 9500 largest companies in the FTSE 9500 index. "FTSE 10000" is a price index of the 10000 largest companies in the FTSE 10000 index.

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## FTSE GOLD MINES INDEX

	Apr 9	% chg on day	Apr 8	Year ago	Gross yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (25)	1240.25	-1.8	1253.19	1095.04	1.95	-	1621.06	691.23
in Regional Indices								
Africa (74)	1263.42	-0.3	1267.22	1916.39	4.30	27.86	1920.22	921.76
Asia/Pacific (7)	1407.26	0.0	1407.01	1098.33	2.27	20.32	1698.33	833.63
North America (11)	1212.46	-2.7	1248.39	1499.54	1.51	45.32	1574.16	864.86
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ETS  
X COLUMN  
est, Japan



**A medieval mind**  
*'Thomas More's family runs like a small school, his daughters the best-educated women in England'*



**Circulation drive**  
*'Coins which either had edges milled or were provided with an inscription made counterfeiting much less practical'*



**Stock in trade**  
*'Perhaps because of his espousal of showbiz: there has to be a strong core of belief in the product'*

# When life is at stake

Haggling over the foreign aid budget is a US tradition. But now, says Bruce Clark, the anti-abortion lobby has changed the rules of the game

**O**n a chilly afternoon last October, 28 US lawmakers squeezed around a long table, deep inside the Capitol, for a bargaining session whose international importance was matched only by its obscurity. It was standing room only for the lobbyists and staffers who had spent months schooling these politicians on the complexities of Kyrgyzstan and the economic background of Burkina Faso.

At stake was the fate of the sole superpower's \$13bn foreign assistance budget for 1998, and the honour of the staffers, who had bet on how long the haggling would take. Would it be another of those red-eyed marathons, when the foreign-aid "appropriators", the spending barons from the House and Senate, bickered on until utter exhaustion forced them to conclude with a compromise at dawn? Or would they dash through the planet's trouble-spots and basket cases, and dish out the cash in three hours or so?

The optimists won. By early evening, the bargain had been sealed and US foreign policy had taken monetary form. There was the usual \$3bn for Israel and \$2.1bn for Egypt, by far the biggest chunks. Ukraine got \$225m, and there was \$650m for child disease control, mostly in Africa, and \$350m for the fight against drugs.

Whatever these politicians may once have believed about the perils of foreign aid, they take a keen institutional pride in getting the work done, and in doing right by parts of the world far from the immediate concerns of their constituents.

When Bill Clinton toured Africa recently, promising extra aid and embracing a continent's cause, he was conscious of the appropriators back home. Even the President has to cut a deal with the committee.

Of all Washington's power-brokers, hustlers and "decision-makers", the appropriators are most aware of the uneasy relationship between domestic priority and international policy. However new they are to foreign affairs, they are masters of the craft of compromise.

But an issue is emerging to undermine the authority of the appropriators and the culture of compromise - abortion. The anti-abortion movement has scored victories in the past, denying funds to a United Nations arm responsible for population control, but its increasing influence is changing the character of aid negotiations. For the true believer, there can be no trade-off.

No US politician got elected by promising aid to Africa, but candidates have been defeated by the anti-abortion lobby. It is an awkward issue for the appropriators, an essentially domestic issue with international links, whether it be China's one-child policy or another government's plans to relax abortion laws. And the lack of other issues to galvanise the US has made the anti-abortion movement all the more powerful.

The congressional committee members have always had one eye on local issues. Why Israel gets the biggest cut is obvious enough, but why does Armenia, a country most Americans would find difficult to pinpoint on a map, get \$87m? Because Armenian refugees and their descendants have been particularly successful in business and entertainment (Kirk Kerkorian, billionaire corporate raider; André Agassi, the tennis player; singer-actress Cher) and in mustering political clout; the Congressional Caucus on Armenian issues, at last count, had 64 members.

To understand how the system works, and why it is so vulnerable to attack on the abortion issue, you have to get to know Mitch McConnell, who co-chaired that meeting back in October. Many voters in Kentucky, where they joke that Tennessee is a foreign country, would be surprised to learn that their senator is known on the Washington cocktail circuit as Mr Ukraine.

Consult the senator's website, and you will learn that he chaired the Kentucky Task Force on Missing Children, and won the Golden Plough award for being the greatest political friend of America's farmers - especially tobacco growers.

Through articles in the Kentucky press, he has tried ever so gently to educate his constituents about why foreign countries might also be important. After all, where would Kentucky's economy be if he had not laboured to persuade ever more Japanese to drink its Bourbon and smoke its tobacco?

Still, giving these foreign-policy lessons has to be a cautious process. Senator McConnell never forgets how folks in the blue grass state reacted to one of Kentucky's greatest economic successes: a decision by Toyota Motor to build a car factory in a town that badly needed the jobs. To seal the triumph, he called a town hall meeting. The first questioner demanded: "Why are the Japanese coming to Kentucky? I thought we'd won that war."

But, significantly, there are a few people in Kentucky who perfectly understand the senator's interest in Ukraine - like the coal-technology company which has found Kiev's dilapidated mines to be a useful outlet for its skills.

As for Congressman Sonny Callahan, who co-chaired the bargaining session, he has travelled even further, in several senses. Cheered on by his constituents on the steamy Alabama coastline where Forrest Gump went shrimping, he spent his early political career passionately denouncing every form of foreign aid.

A standard reference book on Congress describes Callahan's new role as foreign-aid dispenser as "one of the most remarkable sights on Capitol Hill" - because of his track record and the place he represents.

To call Mobile, Alabama, conservative would be putting it mildly. A Financial Times reporter who went there as a teenager was told

by his host: "The only country I really admire is the Soviet Union, because they make you respect the flag - and if you don't respect it, they shoot you like a dog."

This approach to law-enforcement questions does not make the residents of Mobile an easy touch for hand-outs to the former Soviet Union. There are regular summons to town-hall meetings by Callahan, who - in the words of his spokesman - "has come to realise that as leader of the free world, America has awesome

responsibilities".

The trouble is that "most people seem to think that foreign aid accounts for 15 per cent of the budget, when it's really less than 1 per cent," the spokesman sighs.

He takes a harsher view than his senate colleague of the corruption in Ukraine which has dogged many US investors, including some Alabama businesses. "I thought you were the great white hope of freedom," he snarled recently at a delegation from Kiev. "Well, you should get those warts off your beautiful face."

Whatever quibbles chairman Callahan and McConnell may have over Ukraine or Armenia or any other country, they usually find a way of splitting the differ-

ence. Even on abortion, Callahan has spent several years trying to curb spending in ways that satisfy conservatives.

But something changed late last year. A group of Republican Congressmen with particularly strong views on abortion persuaded Newt Gingrich, the House Speaker, to let them take the lead on the issue - instead of letting Callahan and his panel follow their usual instinct to compromise.

The leader of this group was Congressman Chris Smith, an articulate spokesman for blue-collar Irish and Italian-Americans in New Jersey. "Whole generations of kids will die if we don't do this," he declared, defending his insistence on subordinating a host of other issues to the one he considered supremely important.

Under pressure from Smith and friends, the House Republicans have raised the stakes in their bargaining with the White House. They have offered a tempting mixture of political prizes, and only if the Clinton administration gives ground and stops what they regard as indirect aid to abortion.

These rewards include billions of dollars extra for the International Monetary Fund, which may be needed to cope with future financial crises in Asia, and repayment of the embarrassing US arrears to the UN.

But the White House is ruling out concessions - even at the risk of derailing the foreign-policy train which seemed, only a few months ago, to be chugging along so smoothly. Family planning groups and feminists are cheering the President on. "We have no reason to doubt the President's resolve, even though he has had a lot of temptation to

abandon us," says Estelle Rogers of International Planned Parenthood - one of the organisations challenged by the anti-abortion camp.

The rhetoric used in the abortion fight makes it plain why compromise is so difficult and why the issue can only become more disruptive in the build-up to this year's Congressional elections and the Presidential race in 2000. In contrast with arguments over aid to, say, Ukraine - where everybody claims to believe in the same ideals of market reforms and clean government - this is a fundamental clash over the values America should espouse at home and abroad.

"If America is going to be a world leader, it must be a moral leader too," insists a spokesman for the Christian Coalition, a conservative pressure group that backs Congressman Smith. "The right to life is the most basic of all human rights. It precedes all others."

While the Christian Coalition says it is "leftist imperialism" for US-based organisations to campaign internationally for more liberal abortion laws, their opponents make the opposite point. For them, cutting off US funding for supporters of abortion rights amounts to interference in other countries.

Sceptical observers of the foreign-policy process believe the sheer intractability of those engaged in the abortion debate reflects something more than conflicting ideas about personal morality and free speech. Unlike the traditional horse-trading over foreign aid, where the players take pride in striking deals, this is a political game in which intransigence is the best policy. The longer the conflict over abortion remains unre-

solved, the more each side can impress its supporters. "There is no mileage in winning this dispute, and that's why it hasn't been settled," says one experienced Congressional observer. "Both sides see political gains in appealing to their base constituencies - Smith to the religious right, and the White House to the feminists."

If that judgment is correct, it would be a worrying sign for those countries which expect American foreign policy to be something more than a projection on a global scale of US domestic debates over personal morality. The steel-makers of Alabama and the coal-technologists of Kentucky may have their proper place in shaping America's view of the world. But is the world ready for a sole superpower whose obsession is the politics of reproduction?

**The House Republicans have raised the stakes in their bargaining with the White House**

responsibilities".

The trouble is that "most people seem to think that foreign aid accounts for 15 per cent of the budget, when it's really less than 1 per cent," the spokesman sighs.

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In FT Weekend



PERSPECTIVES

# Minding Your Own Business Bow Bells echo to sound of marketing

Peter John on a London priest's promotion of a famous 'brand'

Victor Stock inherited one of the most famous brands in the UK, one of the least popular products and a virtually bankrupt outfit. Over 11 years, he has boosted turnover by almost 800 per cent and the operation has grown from a one-man band into a four-person operation plus subsidiary. And all this comes from the promotion of a traditional form of intellectual property.

Stock is the rector of St Mary-le-Bow, Cheapside, London, just down the road from St Paul's Cathedral. But, as well as being a sales rep for God, he doubles as corner-shop proprietor, chat-show host and marketing expert, to make the operation work.

The brand is the sound of Bow Bells, the traditional Cockney marker. Known throughout the UK - if only as a line from the nursery rhyme "Oranges and Lemons" - the bells provide one of the best badges of recognition a church could have. Yet they had been ignored. The bells, the famous bells, did not ring. One of the first things he did was to get them working again.

Because of the nature of the business, turnover has to be measured in disciples rather than dollars. "When I started here, only seven people came to the Wednesday service. I started building up the congregation and now we get 50 to 60 people a week." The church, like the rest of the City of London, is closed at weekends but manages to squeeze in 15 services throughout the week.

The first step Stock took would be recognised by many ambitious retailers - to open all hours. Every morning at 6.30, he strolls down in a dressing gown from his flat above the shop to open the main door. He doesn't close until 6pm and he, or one of the staff, is available for pastoral help all day.

Then, 10 years ago, he became chairman of the campaign to stop Lord Palumbo's scheme to pull down Number One Poultry, a collection of nine listed City buildings. The campaign failed but it generated enough heat to get the small traders together; they decided to meet in the crypt of the church.

"That means the local business community thinks St Mary-le-Bow is interesting. A lot of Jewish people



Rev Victor Stock, right, with Bill Sewell, who runs the vegetarian restaurant The Place Below: 'The only people I can't handle are people without doubts'

came and that gathering led us in the end to a much more adventurous thing - the annual joint Christian-Jewish act of worship," says Stock. A big coup was to have Rabbi Hugo Gryn, the late president of the Reform Synagogue, host a recent act of worship.

General awareness has paid off in a more tangible sense. Churches are entitled to levy a voluntary rate of 0.4p in the pound from businesses and Stock has raised the levy from about £7,000 when he arrived, to £36,500. That, together with the £30,000 a year raised from the congregation, pays for the running of the church. Stock is paid by the church commissioners, and his staff out of the interest on the

sum raised from the sale of 16th and 17th century plate. Much of that awareness springs from the "chat show". Almost everyone who has been anyone in the theatre, politics or the City over the past decade - from Stephen Fry, the actor, to the governor of the Bank of England - has taken part in a Tuesday lunchtime dialogue with Victor Stock.

In the style of a cross between *Face to Face* and *Desert Island Discs* minus the church's two pulpits while his interviewees expound from the other.

There is a gentle exchange loosely focused on the subject's area with a pinch of God thrown in at the end. The talks pack out the

small percentage of the annual takings, which last year came out at £320,000.

The restaurant has nothing to do with religion but provides no meat or alcohol so can broadly be considered "a good thing". It draws in people who might otherwise feel awkward about going to church. "You can come in from Cheapside looking like you are going to have a smart lunch and then pop into the church. All these visits help to feed the image of the place, the marketing."

"Everything depends on everything else in business. I do a sort of 'what the papers say' broadcast for a London radio station every week which gives publicity. Out of that, I had a letter from a publisher asking if I wanted

to publish some of my diaries," says Stock.

"I am very interested in building bridges - between the church and the Jewish community, the church and the retail community, the church and the financial community."

Stock is supported by an administrator, a secretary, and a social worker who runs a project for homeless children. "They are all graduates, all young and all gorgeous; and that is very good for the image of the place."

Also, the youth project - which finds accommodation for people stuck on the streets and tries to help them back into jobs - provides an important sense of mission.

"Because I don't hold

services here on Sundays I preach a lot throughout the country. That is my serious side and I have to think about what it all means."

Perhaps because of his spousal of showbiz there has to be a strong core of "belief in the product". Despite the modern look there is no attempt to ape the hard-line scepticism of the former Bishop of Durham. "You should never do a Ratners and say, 'What I am selling is crap'. It's a big mistake," Stock says.

"Belief in God is very difficult. The only people I can't handle are people without doubts. St Mary-le-Bow is a church for people with doubts. I tend to say, 'You might try these tablets; they worked for me'."

It is more than 50 years since antibiotics first offered the promise of a world safe from the scourge of bacterial disease, but that world looks further away than ever.

Some of the most advanced hospitals on the planet still harbour superbugs that shrug off the best antibiotics and come back for more. Tuberculosis, one of the oldest diseases known to man, still kills more than 3m people a year and is on the rise even in countries where it has been declining steadily for 40 years.

What has gone wrong? From the start, the bugs started to fight back. They either evolved or acquired resistance to antibiotics. Resistance enabled them not only to survive the antibiotic onslaught but also to thrive in the calm conditions provided by the death of their competitors - many of them harmless - that had succumbed.

Overuse of antibiotics and poor compliance with treatment regimes, compounds the problem by giving bacteria experience of antibiotics in non-lethal doses, making it easier for drug-resistant strains to develop.

There are two ways that drug-resistance arises, according to Paul Williams, of Nottingham University, and they have different implications. Bacteria can develop resistance by mutating or they can acquire it from other strains.

The tuberculosis bacillus lives in isolation, so it cannot acquire resistance from other bacteria, says Denny Mitchison of St George's Hospital Medical School in London. However, right from the first clinical trials of streptomycin against TB, carried out in London 50 years ago, it has shown itself to be extremely adept at mutating its way out of a tight corner.

Streptomycin alone was ineffective, Mitchison says. "The disease became resistant." The first effective treatments for TB used several drugs in combination. It is much harder for the bacterium to develop multiple mutations

## The Nature of Things Superbugs survive the onslaught

Andrew Derrington on the search to find more effective drugs to fight a resurgence of tuberculosis



at once. Two drugs that would be inadequate alone can combine to produce an effective cure. But even the most effective drugs are useless if the patient stops taking them too soon.

The bugs that survive partial treatment will be drug-resistant. TB has another trick. It can lie dormant for years, held in

"global emergency" in 1983 and predicts that, by the end of the century, AIDS will produce hundreds of thousands of extra cases of TB.

This is a concern for everybody: TB poses a threat to people who are not infected with HIV. To prevent the development of drug-resistant TB, treatment is supervised. The WHO programme is called DOTS - directly observed treatment, short course. A health worker watches the patient take every dose of his drug. When drug resistance occurs, treatment must be prolonged and extra drugs must be introduced that are rarely used either because of their high cost or unpleasant side-effects.

The search is on for ways of making TB susceptible to a wider range of drugs, and for developing new ones. "Very few antibiotics affect the TB bacillus," says Laura Piddock, of Birmingham

University Medical School. "This may be because they can't get through its coat."

Piddock is analysing how the effective drugs gain access to the bacillus, so the information can be used to design new and effective drugs. Drug-resistant TB may be frightening, but we know it arises only from poor treatment programmes, and can only be caught from people with the disease.

Hospital superbugs, like methicillin-resistant staphylococcus aureus (MRSA), can be more insidious. They are widespread, often living harmlessly on the skin - "you could have some up your nose right now," says Williams - until they can get into the body and wreak havoc by unleashing their toxins. Some of these bacteria swap resistance genes between strains.

One worry is that resistance to vancomycin, the last-resort drug for treating MRSA, is relatively common in bacteria that inhabit the guts of farm animals which, until recently, were commonly treated with avoparcin - structurally similar to vancomycin - to promote growth.

The transfer of the vancomycin-resistance gene to MRSA has been demonstrated in the laboratory but so far it has not happened in a hospital.

"If it does, we are in serious trouble," says Williams. He and his colleagues are working on a different approach to the control of infection by toxin-producing bacteria such as MRSA. They are looking for molecules that will inhibit the production of toxins. If the approach works, the new drugs will persuade the bacteria to co-exist, rather than killing them.

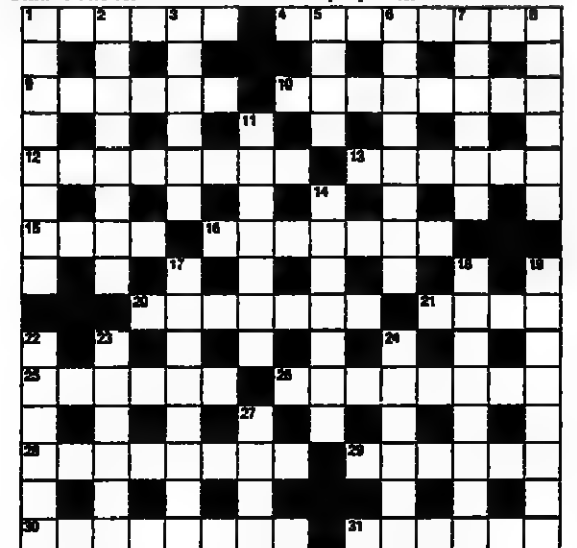
It will be like having a peace treaty, rather than winning a war. And it may reduce the pressure to develop drug resistance.

■ The author is professor of psychology at the University of Nottingham.

### CROSSWORD

No. 9,654 Set by CINEPHILE

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecu Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions. Solutions by Wednesday April 22, marked Crossword 9,654 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 25.



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### BRIDGE

No one quite knew what to do on this deal, until declarer took stock, counted the known distribution of one of his opponent's hands, and found light dawning.

North South  
N 10 9 7 4 5  
S 9 5 3 4  
E 6 4

Declarer ducked West's Q♥ lead, but beat the continuation with K♥ - East pitching an encouraging 7♣. With East opening the bidding, and West showing up with three of the outstanding 15 points, it seemed as if East must hold all the remaining points.

However, declarer pinned his hopes on West holding J♣, so he led his 3♣ from hand and, when West played small, he finessed with 10♣.

This lost to East's K♣, who then cashed A♣K but, when West showed out, he recognised that to play a third spade would furnish the declarer with an extra top.

Instead, he led 10♣, trying to mislead declarer into placing J♣ with West. Declarer won with his A♣, cashed Q♣, and set about working out the shape of East's hand: six spades, one heart and at least two diamonds.

The problem begins to unravel: if diamonds split 3-3, dummy's diamonds are all winners; if East holds only two diamonds, then he must hold four clubs and the club finesse becomes marked.

With West now marked with J♣, East is almost certain to hold J♣ for his opening bid and, even if he has led 10♣ from ♠10 doubleton, a low club to K♣ will flush it out.

In the play, when declarer played a club to K♣ and cashed A♣, East showed out. Declarer then played ♠♣ from dummy. East played low, but declarer knew to play low also.

This held and he could return to hand with A♥ to cash his Q♣ and K♣.

**Paul Mendelson**

### CHESS

The Amber tournament at Monte Carlo proved a baptism of fire for Britain's number two Matthew Sadler in his first all-play-all encounter with the world top.

This event, sponsored by the Dutch millionaire Joop van Oosterom, has a strange format where the players meet each other twice, at 25 minutes rapid chess and in blindfold games where they sit in front of a computer screen showing an empty chessboard. Their only additional aid to memory is the screen notation of the opponent's latest move. And the blindfold games are also fast, about 45 minutes each for the game.

Sadler struggled in the early rounds at blindfold, losing his first seven games, but then came this bizarre episode against the Fide world champion (Karpov v Sadler, blindfold).

and Ivanchuk, all in the world top 10. Shirov and Kramnik, who have just signed up to play a 10-game final eliminator starting on May 22 to decide Karpov's next challenger, shared first prize at Monaco, half a point ahead of Ivanchuk.

No 1328  
M Tyrannia v C Baker, London 1995. Rook and bishop against rook is a tricky endgame. It should be drawn, but in practice the rook player often errs through fatigue or poor technique.

Here White's king is trapped on the edge, and



Black (to play) can force a win. The first move is easy, but another three moves are needed to make White resign.

**Solution, Back Page**  
**Leonard Barden**

مكتبة الصلح



## PERSPECTIVES



Joe Rogaly

## Easy morals are no match for hard sell

For all the lip service paid to ethical behaviour, there is only one rule when it comes to shifting the product

The Easter message of death and redemption is unheard by most of humanity. Our ears reverberate to other drums as our species returns to the ways of the jungle. Expect to hunt or be hunted, eat or be eaten, bank a million a year or contribute millions to bankers. The Darwin economy devours our energies, subsumes our spirit, erodes our ethical sense. For "hallelujah" read "how much?"

It is for this reason that I await with fascination the Hayek memorial lecture due to be delivered by Dr Jonathan Sacks on June 2. Britain's chief rabbi will talk on "morals and markets". As a title, it is as evocative as, say, "traders and truth" or "pimps and piety". It well serves the memory of the economist F.A. Hayek. The burden of his

argument in *The Road to Serfdom* seems indisputable today.

Summarised, it is this: political freedom and economic freedom are one. Control over the economic activities of individuals leads inexorably to control over all aspects of our lives. Central planning produces socialism and dictatorship. This was visibly true in Nazi Germany, Italy under Mussolini, the Soviet Union and elsewhere.

We got the message. What is missing now is a pen as powerful as Hayek's to tell us where we are heading with ever-freer markets, not to mention questionable business methods. A working title might be *Road to the Jungle*. The author could indicate how much regulation, how much self-discipline, would be beneficial and what would constitute the first step towards

serfdom. Could Dr Sacks be the one to start us off? He is a strong purveyor of ideas, a trained merchant of morals.

It turns out that he has already endured the labour of producing the sort of text we may look forward to. His *Faith in the Future*, published three years ago, has a section on "The Morality of Markets". The rabbis of old were by and large in favour of markets, the Chief Rabbi tells us.

At the same time, he remarks, they were aware that competitiveness was not in itself a virtue. "...they knew also that all labour and achievement spring from man's envy of his neighbour" (Ecclesiastes 4:4).

Plainly, wisdom abounds in rabbinical heads. One of the ancients is quoted as saying that when someone arrives at the gates of judgment the first question is, "did you deal honestly in business?" A certain rabbinical school taught that whoever could truthfully answer "yes" was as if he fulfilled the whole of Jewish law. (By the by, forgive all these "he's". I am no scholar of biblical or talmudic texts but I suspect that neither was ever politically correct.)

The essence of the Sacks interpretation of Jewish lore is that "the market cannot be sustained by market values alone". It requires "a mindset that sees the market as a place not of exploitation, but of mutual gain". Ethics and business are not adversaries, he suggests. "In the long run, they need one another."

Now we know. There is nothing to worry about. Just to be sure, let us dip into the database. Rules of good trading behaviour

can be found in most faiths, not least Islam. Christians remain ambivalent about business, but they know what is sinful when they see it.

The world is becoming predominantly secular, but religion-based values persist. Most large US companies have codes of ethics. So do many European concerns. Courses in ethics have become a standard for MBA trainees. In great swathes of the global marketplace, morality is chic, a matter of fashion, to be changed with the seasons.

Like corporate livery it is business driven, designed to protect the brand's reputation and hence shareholder interests. Yesterday, proper behaviour might have been defined as taking trouble to protect the environment; today, it could be refusing to bribe corrupt officials; tomorrow, it will

doubtless be playing fair with the employees. All such concerns affect the public image of big business. This week, I am concerned with none of them. Let us focus, rather, on consumers.

The need to shift goods out of the warehouse leads easily to a pact with the devil. At such moments, corporate virtue is a mere adornment, abandoned when necessary to make a sale, sustain an enterprise, or pile up huge bonuses for executives. You demand examples? For a start, genetically modified food would be labelled, enabling the modifiers to sleep with clear consciences. The arms trade would dissolve itself.

Similarly, tobacco companies would not be making cigarettes if their directors wanted to be certain of entry to heaven. Drinks manufacturers would not

sell alcoholic beverages to children, pill-peddlers would stop suborning doctors, food additives would be minimised.

It is no use responding "let the buyer beware". That is the language of amorality. True business ethics would enjoin the seller to care about the effect of his or her product on the consumer. Impossible. The used-car dealer mentality is, alas, a powerful energiser of the market economy. Without it, wealth creation, a desirable end, would be slower and more difficult. We would not want that, would we?

No, of course not, says I, fingers crossed. Perpetual growth is the driving force of the market economy. Its practitioners need not be avaricious beasts. And there are fairies at the bottom of my organically tilled garden.

joe.rogaly@ft.com

Lunch with the FT

## The happy shopper with an eye for values

Chris Patten is an unrepentant believer in universal values. He tells Christian Tyler of his options

Chris Patten is a man with a great future behind him. At the age of 53, the last governor of Hong Kong finds himself on the wrong slope of the Jay Curve.

Like the economics writer Peter Jay, who became British ambassador to Washington at 40, he has peaked too soon. His trip into the political stratosphere has given him a re-entry problem.

Not that Patten is unhappy to have landed back in London. The former Conservative minister has settled in leafy Barnes, where he is finishing a book about Asia which has created controversy even before publication.

He likes Barnes, an urban village in a loop of the river Thames which is popular with theatre folk, TV producers and 4 x 4-driving bankers' wives. It was there that we went for lunch.

Riva's restaurant is one of the more fashionable places in south-west London. Its owner, Andrea Riva, is a cousin of the famous Italian footballer Luigi Riva, a fact which helps draw celebrities over the Thames from as far afield as Holland Park.

The food is pretty good, too. Patten, however, was abstemious. Perhaps this was due to the writing routine, more probably his health. He has had a minor heart operation and his stubby physique allowed the Chinese mischievously to transliterate his name as "Fat Pang". (A previous British envoy sent to China with gunboats during the opium wars was dubbed "Emminently Vile".)

Whatever the reason, he asked for a salad of grilled vegetables followed by risotto. He did not normally drink at lunchtime, he said, but ordered a bottle of Pinot Grigio anyway.

Patten plays nice guy. Journalists like him because he gives interviews and flatters them by treating them as equals. He claims never to keep press cuttings. But he has a pugnacious side. It came out when he was party chairman for the 1992 general election, and it cost him his Commons seat - or so the commentators said. It was evident, too, in Hong Kong where he battled constantly with Beijing.

Today, however, the ex-governor was in serious mode. Meltdown (and tanned) by months of writing in his other house in south-west France, he wanted to talk about the big idea behind his book, *East and West*. There was another reason for his caution. He was a reader of the Saturday paper, he said. Wasn't this column the one in which well-known people got sent up? The waitress arrived before I could reply.

Patten began talking about the pleasures of writing then and broke off to say: "Ah! The Saint-Saëns organ concerto." There was the faintest sound of music coming from a far corner. "It was the theme of that film *Babe* about a pig," he explained.

The big idea of the book is a refutation of the notion (badly denied by recent events) that Asia is somehow special and will dominate the next century.

"I think the next century is

more likely to belong to a set of values than to a continent or country," he said.

"Western values?"  
"Universal values."  
"You believe in universal values?"

"I do, very strongly. So I think do a lot of sensible Asians."

By values, he means those enshrined in the United Nations charter, such as freedom of speech and the rule of law, plus some economic nostrums.

"What about so-called Asian values?" I asked.

"I don't think you could even translate the concept in most Asian languages. It's largely a justification for authoritarianism, and it consists of selectively quoting from Confucius and reversing the previous accepted wisdom, namely that Confucianism was responsible for Asia's economic torpor."

Chris Patten is a Roman Catholic who goes to church. He agreed that his religious faith probably predisposes him to believe, against the grain of post-modern fashion, in universal values.

Too often, he said, talk of the

**'The Chinese won't be surprised by anything I have to say. It is not an anti-China book'**

"Asian way" gave western leaders an excuse to go on doing business with regimes which abused their own citizens.

We had reached, effortlessly, the heart of the matter which clouded Britain's handover of Hong Kong to China last year. Patten had upset Beijing by beefing up the colony's feeble democracy before the transfer. His criticism, with former ambassador Sir Percy Cradock in the lead, condemned him for gambling with the colony's future. I mentioned having interviewed Sir Percy recently on the question: can there be an ethical foreign policy. Patten needed no prompting.

Crunching angrily through his salad, the former governor declared that it was just wrong to say "the only way we can do business with China is by following the Chinese notion of political correctness". Trade flows showed no correlation with political relations. It was the west that persisted in linking the two. The Chinese might talk about it, but did not act on it. We should at the least try to behave decently. "Very rarely are you sacrificing any interest at all by trying to behave in an ethical way."

From this, it was a short step to Patten's latest row, one from which he emerged with honour and a cheque for the balance of his £125,000 advance.

His book was to have been published by HarperCollins, which is owned by Rupert Murdoch's

News Corporation. The deal was suddenly cancelled, apparently because Murdoch was afraid it would offend Beijing and damage his commercial ambitions in China. But HarperCollins executives, with one honourable exception, claimed the book had been rejected because it was badly written. Murdoch later apologised.

"It was like living the book that one was writing," Patten said. "It was a surreal experience sitting in France while all this was going on."

"The row won't have hurt sales prospects, I suppose," I said.

He laughed. "So, I think, my new excellent publisher [Macmillan] feels."

"Will Murdoch reap any benefit from disowning the book?"

"I think it would have made no net difference whatsoever. The Chinese won't be remotely surprised by anything I have to say. It is not an anti-China book."

"I happen to distinguish between the interests of the Chinese Communist party and China, which I know in totalitarian countries is thought rather provocative. But the Chinese aren't going to lose any sleep over that. Anyway, most of the book isn't even about China. This is good risotto, isn't it?"

Patten was known as a Tory wet who swallowed Margaret Thatcher's hard line too late - and then was landed, as environment secretary, with implementing the deeply unpopular poll tax which helped to bring her down.

His Asian experience has given him a harder, more sharp-edged attitude, he says. He is more of an economic liberal but still believes there are "real moral challenges" to be faced by politicians in market economies.

When he first came back to the UK, two months after Tony Blair's landslide election victory, he found the country "terrible". It was much brighter, livelier, spicier than when he left it. That could not be due to eight weeks of Labour government, he added quickly; but he agreed that a change of government after 18 years had probably come as a relief.

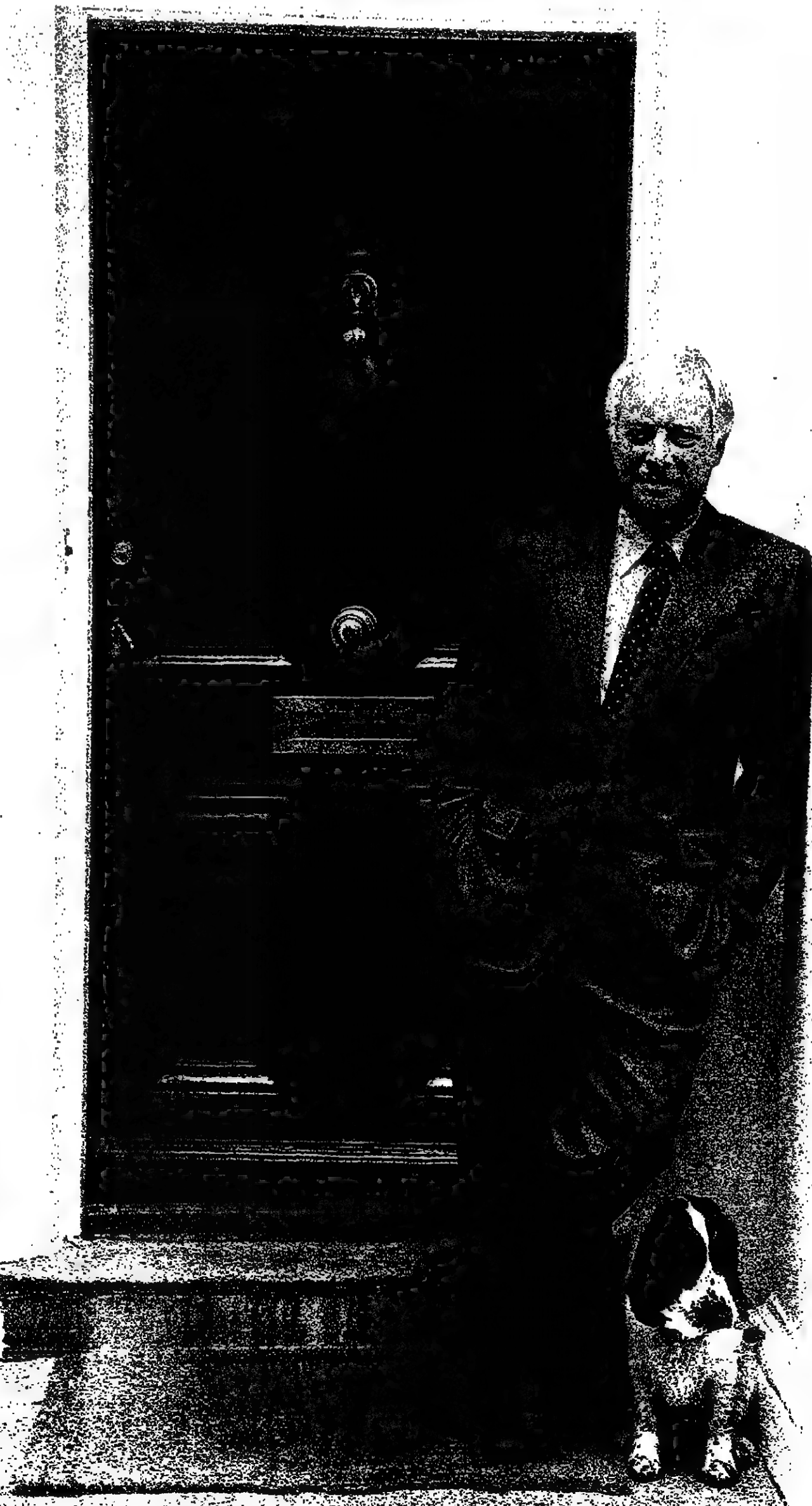
"Mr Blair [he obviously refuses to call him Tony] has a huge responsibility and a huge temptation." The responsibility was to sustain the strong economy he had inherited. And the temptation? "While trying to assemble an agenda which balances market economics with conscience, he's got to avoid the yawning gap between sanctimonious soundbites and what happens on the ground."

"It's going to be interesting to watch what happens," he added with obvious relish.

The risotto was finished. "No pudding," Patten said when the waitress came back, "but a big, big espresso."

"You missed the boat on the Conservative party leadership," I said. "Does that make domestic politics look rather uninteresting?"

"No. I am extremely interested in political issues still, but I'm realistic enough to realise two things. First, that it would have



Chris Patten: 'Very rarely are you sacrificing any interest at all by trying to behave in an ethical way'

Brendan Carr

been exceptionally unlikely that they would have taken a leader from the left of the party.

"Second, I've had this extraordinary, interesting job, finished in my early 50s, and I shall be extremely lucky if I ever have as interesting a job again. There's no point agonising too much about that."

His Westminster career is probably over. Now Patten is tipped as a possible candidate for the new post of mayor of London. "My view remains that if the job is serious, it will attract serious candidates," he said.

It sounded like simple evasion, but it was hard not to believe

Patten when he said he had deferred even contemplating his next step until after the book was finished.

"I see no reason at all why I should get out there and be rushed into making decisions about my future just to provide convenient copy - I mean, not for you, but for others," he added, as if to say that the Financial Times was, of course, above such crude speculative journalism. "I certainly don't intend to spend the next two or three years hanging around."

Unless he runs for mayor, or something bigger, Patten's future may cease to be a matter of press

speculation at all. He does not seem to mind, and talked vaguely of finding a job which combined running an institution and writing.

"You enjoy celebrity, don't you?"

"Not particularly. One reason I like France is that people only know me as *monsieur le gouverneur*. My wife and I were out walking recently and passed a man on the road with a beret and stick. He asked which village we were from, then told us: 'Someone new has moved in there. Do you know him?' The governor of Saigon..."

He wants to write another

book. "Maybe one on Europe. Whether there is a sense of European identity: what it is and how it varies." Somehow this led to a discussion about consumerism.

Patten protested. "Oh, I'm a great believer in retail therapy."

"What do you buy?"

"Everything. I like all sorts of shopping - Sainsbury's. Waitrose, little local shops. I'm a demon shopper. Food and clothes, books, CDs. In Hong Kong, shopping used to get me out of the house in an amiable way."

Whatever else, Chris Patten's landing is good news for the traders of Barnes.



## PERSPECTIVES

# Robert Nairac and other unsolved mysteries

The British officer was abducted in 1977. But, says Jimmy Burns, clarification about the fate of Northern Ireland's 'disappeared' should be part of any peace process

Whatever the ultimate outcome of the Northern Ireland peace process, the fates of Brian McKinney, John McCloy, Jean McConville, Gerard Evans, Columba McVeigh, Bernard McQuinn and Robert Nairac are likely to remain a riddle. They are the province's "missing", its "disappeared".

These men and women are among the dozen or so victims of political violence who have never been seen again after being abducted by the IRA. These "disappeared" have no powerful movement behind them pushing for a Royal Commission or reconciliation tribunal.

For the governments indirectly responsible, the British and the Irish, as much as for those who ordered their killings, presumably the IRA leadership, these are politically inconvenient cases; there is no mileage in apportioning blame for past crimes.

The common denominator of the seven is that they were - presumably - killed in the 1970s, during the bloodiest period of Northern Ireland's sectarian warfare. Of these seven, the case of Robert Nairac remains the most controversial. The other six were civilian victims with no apparent links to the government, yet murdered for what the IRA called "republican crimes", anything from adultery and drug-taking to collaboration.

Nairac was a British soldier, posthumously awarded the George Cross for "peacekeeping" during a period when the security forces were alleged to be running a "shoot-to-kill" policy. For friends and admirers, Nairac remains a symbol of selfless bravery, but his was clearly a complex personality. On St George's day each year, hundreds of people gather in Gloucester Cathedral where they give thanks to England and St George, and present the Captain Robert Nairac youth awards.

Yet Nairac, educated at the "Catholic Eton", was never granted the equivalent of the IRA burial for "heroes", a resting place among nuns and priests in the Catholic cemeteries of Northern Ireland.

The closest anyone in the republican movement has come to explaining his fate is a conversation reported last year by Eamon Collins, a former IRA member who turned supergrass. Collins, in his autobiography *Killing Rage*, says an IRA man told him that Nairac, after being tortured and shot, was disposed of in a meat-processing plant.

"When Nairac was abducted, he was taken to a field just down the road from the factory. They didn't know what to do with the body. It was getting light, so they didn't want to bury him. One of the guys had a brainwave - put him through the meat mincer at the factory. So that's where he ended up. I heard they treated him like any other carcass."

Collins could not believe what he was hearing. "I said: 'What do you mean, like any other car-

cass?' My friend said he had not witnessed this himself, but he had heard it from another Provo (IRA member) working at the factory. The next day, during a slack period, when hardly anyone was around, the body was brought in for disposal."

Legal sources familiar with the Nairac case say the story had been around for years and was once taken sufficiently seriously for the Irish police to take samples of blood at one particular plant. They failed to find any conclusive evidence.

Officially, the IRA had this to say in the Republican News newspaper, days after admitting that it had killed Nairac: "The elimination of Nairac is an obvious breakthrough in the war against the Special Air Service... IRA sources have revealed that Captain Nairac was a high-ranking SAS officer."

In Crossmaglen, the unofficial capital of South Armagh - one of the most violent and uncompromising of the IRA's heartlands - and where Nairac was posted, I was unable to find generosity

Friends believe his ability as a mimic, and his capacity for undercover work, was limited

towards his memory beyond the heavily fortified army barracks.

The owner of a pub there, Paddy Short, remembered Nairac as a symbol of military occupation: "We have no regrets that Nairac was killed. He set people up to be ambushed by the army."

The questions of precisely what Nairac was doing and what subsequently happened to him on the night of May 14 1977, after he was abducted from the Three Steps pub in South Armagh, remain unanswered. But he appears to be a man fated from an early age to be drawn to Northern Ireland.

Nairac was born in 1948, the son of middle-class parents who lived in the north of England. Although his father was Catholic and his mother Protestant, his family never mirrored the division of a society in which Nairac was destined to become both famous and infamous.

At Ampleforth, run by the Benedictine monastic order - and where the current Cardinal Archbishop of Westminster, Basil Hume, was then abbot - Nairac showed the spirit and dedication expected of him by his masters. He was good at sports, and was a keen member of the cadet corps, which measured its ambition against that of the officer class which perished on the battlefields of France and Belgium.

One of his teachers felt he was inherently insecure, concerned always to prove himself: "I expected him to come to a sad end

because I always saw a sad end in his nature." Nairac went to Oxford, where his best friend was Julian Malins, now a QC. He recalls: "The Oxford class of '68 was good-looking, confident and unlike any previous generation since the 1830s. We came after austerity and before the shadow of stress had fallen on the young... the sun shone and the girls were sensational... Robert stood out. He had a terrific aura."

The realities of Northern Ireland - the civil rights marches, a local police force biased in favour of the Protestant community and a resurgent IRA - seemed a planet away from the spires of Oxford.

Nairac resurrected the defunct Oxford boxing club, becoming a boxing Blue. At one particularly riotous summer party held on a college barge, he provided the main attraction by engaging Malins in a bare knuckle fight. Not all his contemporaries, however, held him in awe. Some were disturbed about the way he engaged in his favourite hobby - falconry. Nairac kept hawks in his room at Oxford and often used them to prove his nerve. He sometimes fed them by placing a small piece of raw steak on the bridge of his nose and allowing a hawk to take the meat. He signed up for the Grenadier Guards, completing his finale in uniform.

The later details of Nairac's life have become obscured by a mix of legend and propaganda. When Nairac turned up at an Oxford old boys' reunion in the autumn of 1976, he boasted that he was working in Northern Ireland in undercover intelligence. Malins was stunned: "I simply could not believe this. A child could tell from 50 paces that Robert was Ampleforth, Oxford, and the Guards. There never walked a man less capable of any deception, let alone anything dishonourable."

Malins, whose own father was in the Guards, continues: "I begged him to give it up and to return to proper regimental duties. I reminded him that he had no obligation to soldier out of uniform, that he was a leader of men in battle and not a solo artist."

Nairac spoke of his sense of duty. He claimed that people depended on him, including his commanding officers and the British government. "He felt he was doing some important work and that he was perfectly suited to it," says Malins. "Those who taught him at Ampleforth always regarded Nairac as a genuinely Christian soul. In their eyes, he came to them good, and came away even better. My grouse is that he was much too good for the job they subsequently got him to do in Northern Ireland."

Six months later, Nairac was abducted. A photograph taken during his time undercover shows a very different Nairac from the well-groomed Guards officer; he is wearing patched jeans, is unshaven and long-haired. Legend has it that Nairac's *nom de guerre* was Danny Boy, that he could speak with a Belfast accent, had a good ear

and rhythm for Irish song and dance, that he infiltrated one of the IRA's most notorious units and that he saved countless lives.

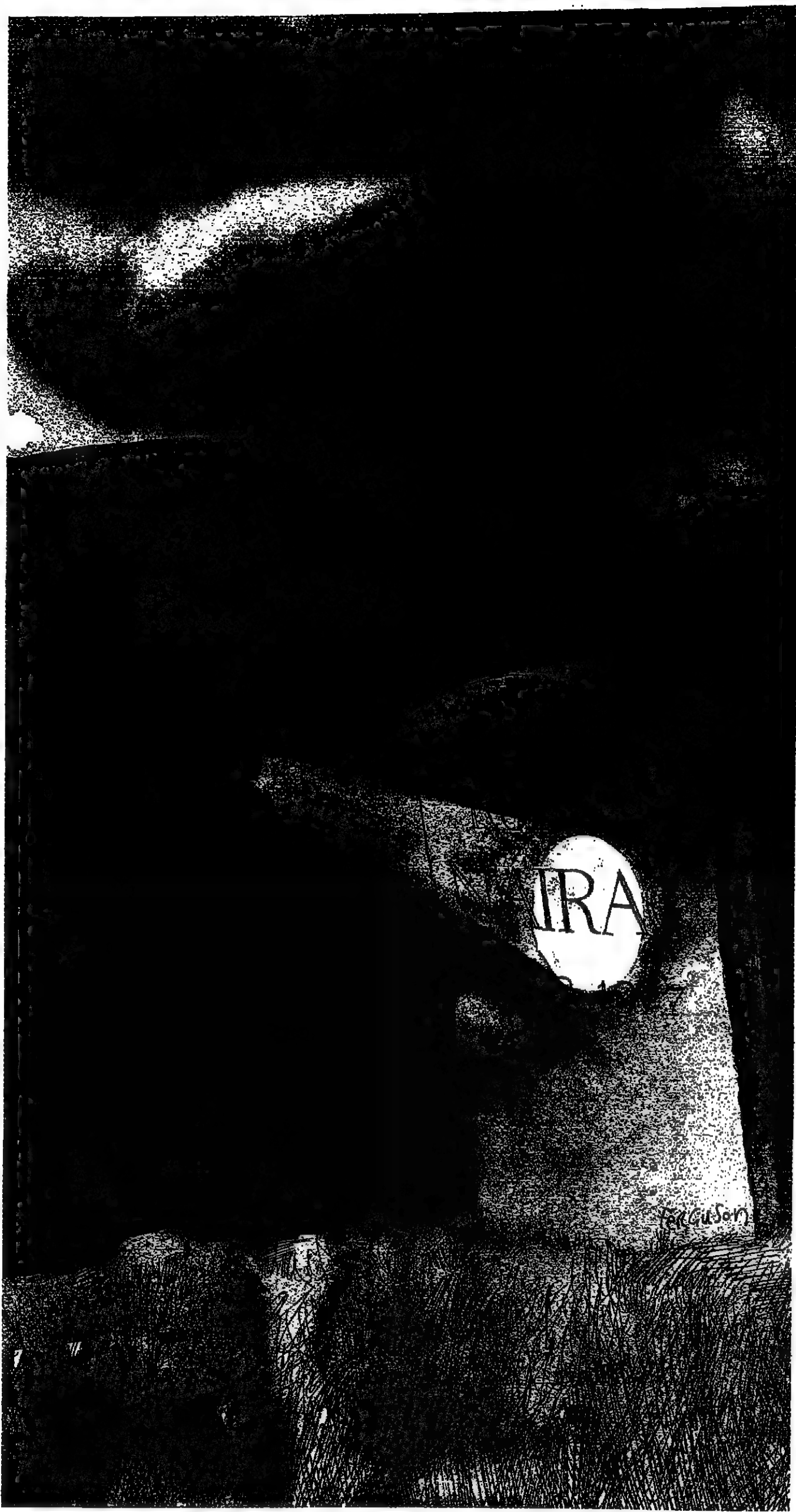
Yet some of his closest friends believe his ability as a mimic and his capacity for undercover work was limited. They are angry at the thought that the army allowed an unsuitable personal-

ity to wander way out of his depth. The Ministry of Defence says it has "nothing much to comment publicly" on the Nairac case. "This all happened a long time ago... you wouldn't expect us to comment on the details of what he was doing."

The IRA's official history is that Nairac became, with the

connivance of the British state, a killer and a traitor - a Catholic who took the Protestant side. It has nothing more to say on the issue. His mother believes that he is still alive and will return one day and his sister - a devout Catholic - is unsure how she would react to the revealed truth. Julian Malins wants the

account to be settled: "Look at Argentina, Vietnam, South Africa... you can't have a lasting settlement without getting at the truth. Only when you've got the answers can you hope to move forward. In Northern Ireland, that process has to include people like Robert Nairac."



## A welcome in the dacha

Leyla Boulton visits old friends and finds that she is elated and depressed by turns

I owe Boris Yeltsin a drink. His sacking of the government the other week forced old friends in Moscow to cancel foreign trips, and see me on my first visit since 1994. Sergei Aleksashenko, the first deputy governor of the central bank, called off a ski holiday in Chamonix, and Denis and Irina, also central bank officials, missed their flight to Madrid.

When I lived in Moscow for four years from 1990, we were all young, ambitious professionals. Since then, my friends had become rich and important and I was not sure they would want anything to do with a former Moscow correspondent whose main achievement had been to produce a daughter.

Change was obvious from the moment I arrived. Even the passport control booths at the airport had embraced capitalism and displayed advertisements for curtains and blinds. More interesting was the fate of my friends. Over supper, Misha Berger, formerly at *Izvestia* and now editor of *Sovdnyia* (Today) newspaper, said that since rival tycoons had bought up the Russian media, our journalist friends were now enemies - a sad change from the "solidarity" of the collapsing Soviet Union.

But the next morning I was

able to confirm that friendship still meant something in the new Russia. Denis and Irina, who run a banking supervision and external affairs at the central bank, managed lunch hours after Yeltsin decided to dump the government and sent the rouble into a momentary - talspin.

In between mouthfuls of marinated mushrooms and smashes of gossip, Irina phoned the office on her mobile to supervise a media campaign to calm the currency. The couple's arrival at the bank was part of a takeover by young reformers and, it seems, as much a structural change as the hushed professional politeness of the waiters at our restaurant.

But leave Moscow and the flash prosperity does not last. In Yekaterinburg, Yeltsin's still grim concrete home town in the Urals, where the Tsar was murdered 80 years ago, Victor Korovin, my favourite Russian factory boss, greeted me with flowers and approvingly studied a photo of my daughter. He told me what is really going on in Russia's industrial heartland.

Puffing on a pack of Marlboro Lights, Victor takes cold comfort from the fact that Uralmash, a privatised flagship of Soviet industry, where he is the general manager, is in better shape than most of the neighbouring industry, including dozens of defence factories which have no orders and no money to pay their workers.

"What is the point of having inflation at 0.01 per cent if people can't buy anything because they aren't getting paid?" he asks. He predicts another decade of "tough" reforms to turn Russia into a "civilised country".

My reality check complete, I am transported back to Moscow by Transaero, a thriving private airline. The recent Hollywood film *Men in Black* is shown - it's about aliens, or killing aliens. My fellow travellers down tumbler of wine over breakfast, featuring French yoghurt and Estonian butter - so much for the quota of cold chicken courtesy of Aeroflot of old.

Over lunch in Moscow, Kakha Bendukidze, a savvy entrepre-

neur who bought a large stake in Uralmash when it was sold, told me the murder of the director of a privatised confectionery factory represents the more "usual" means of resolving disputes with shareholders.

The misery is obvious and undignified in the brutalised faces of small children begging in the Metro

As I munch on a Playboy salad (dishes at this restaurant are named after the media), Kakha says the government sacked by Yeltsin lacked the guts to fix the economy.

"I hate tired ministers who moan about how hard their jobs

are," he says. It is just possible that Sergei Kiriyenko, the new 35-year-old acting premier, will do better because "young people would rather be rich in a rich country than in a poor one".

That evening, one of those brave young reformers, Sergei Aleksashenko, the number two at the central bank, called for me in his armoured Mercedes to take me to supper with his wife and sons at their dacha. The black-curtained limousine roared at high speed down the central lane reserved for officials.

When I first met him, Sergei was a junior economist advising Mikhail Gorbachev on market economics. Although much more self-confident, he has lost neither warmth nor humour. He expresses amusement at the need for an armoured car: "This is not going to stop anyone from killing me if they feel like it." We pull into the former Young Pioneer camp which has been turned into a heavily guarded compound for central bank officials.

Sergei's villa comes complete with imported bath taps - part of

a generous package to keep high-quality incorruptibles at the bank. Over home-made meat pies and Russian champagne, he does the central banker thing and defends a tough monetary policy: "I'd like to remind people that three years ago inflation was 18 per cent a month [instead of 11 per cent a year now]. Seven years ago, there was nothing in the shops and I had to queue for hours to buy milk for my sons."

Although delighted by his success, Katya, a school-teacher, still finds it hard to deal with the impossible requests for her husband's help. One woman asked for her son to be plucked out of military service and given a job at the central bank. Even relatives put pressure on him to "do something" about the state of the economy. "They think that as an official person, he is responsible for everything that happens in the country," says Katya, her grey eyes full of genuine sadness for the misery around her.

The misery is obvious and undignified in the brutalised faces of small children whose

noses have been bloodied to make them look more pathetic while begging in the Metro. It is more dignified in the privacy of small apartments, such as the one I visited for supper with historian friends who work in once-secret Communist party archives. They were depressed by the daily struggle and depressed me. Even their official salaries of \$80 a month are not paid on time and the foreign research grants are running out.

In another run-down apartment block, Lev Razgon, a 90-year-old human rights champion who spent 17 years in Stalin's camps, is more philosophical. As he zaps between television news broadcasts, Lev, a self-confessed "news addict", does not fear for Russia's future as "long as there is freedom of speech". But he, too, is outraged by the fact that millions of pensioners, state employees and factory workers are not getting paid by the government.

He is "counting on today's schoolchildren and their children" for change. But I look to my old friends to help pull Russia out of poverty and corruption. After all, we live in a world where it is much harder to stave in one's own horse, as I am reminded by Oleg, the office driver, who is up most nights surfing the Internet.

Radic

Malcolm (Boulton)

P

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## BOOKS



When Britain ruled the airwaves: the BBC started its empire service in 1932, for 'lonely listeners in the bush'. 'Penny Paradise', 1938, directed by Carol Reed

## Radio wars – the right mix

Malcolm Rutherford on the dilemma faced by broadcasters between objective reporting and propaganda

Pope John Paul II is reported to have said that if St Paul were around in the second half of the 20th century, the old convert would have been head of Reuters, the international news agency. The remark is not as eccentric as it sounds for, in the earlier part of the century, Vatican Radio was in the forefront of international broadcasting: it is also quite barbed. St Paul, the Pope implied, might have chosen Reuters because it tried to keep the news straight rather than preach a gospel.

The dilemma between objective reporting and propaganda is at the heart of these two books, both of which stress the achievements of western broadcasting to the former Soviet Union and eastern Europe in alleviating, and eventually ending, the cold war. Should we proselytise or keep it straight was a question that dogged the broadcasters and their financial backers, such as the CIA and the British Foreign Office, throughout.

The irony is that it all started in St Petersburg with the Russian revolution in 1917. The Russians were

very good at short wave radio. The Bolsheviks used it to broadcast their message to the Russian people. It was a newspaper without paper and not unduly confined by distances. The new regime went on to develop the system abroad as well as at home. By 1936 the Russians were broadcasting in English to encourage the British miners in the general strike.

Yet the Vatican was not far behind. In 1925 the Jesuit, Fr Giuseppe Gianfranceschi, who was president of the Papal Academy of Science and acquainted with Guglielmo Marconi, the inventor of radio, proposed that the Vatican should have its own station. Marconi was appointed to set it up. The first worldwide broadcast – by the Pope, in Latin – went out in 1931.

The BBC, by contrast, was rather slow on the uptake. It started an empire service, solely in English, and directed at the "lonely listeners in the bush" in 1932. The Americans in those days were not much interested. It was the approach and outbreak of the second world war that made the difference. BBC broadcasts, in foreign languages, to Germany and eastern Europe were

instrumental in establishing a reputation for objectivity that has never quite been lost.

After the war, many countries learned the lesson: international broadcasting could be extremely effective. The cold war was an ideal opportunity to use it. Those

**RADIO FREE EUROPE AND THE PURSUIT OF DEMOCRACY**  
by George R Urban  
Yale University Press £21, 332 pages

**WAR OF THE BLACK HEAVENS**  
by Michael Nelson  
Dutton's £25, 277 pages

who controlled the air waves would have an immense advantage, provided that they could find the right mix of mind, microphone and message. But it was not a straight intellectual fight. There was also the question of jamming, and how far propaganda could be overcome.

On jamming, the west won hands down. There was no compelling reason to jam eastern broadcasts to the west, for there was no great desire to listen to them – although the British plotted

their copybook by jamming Greek broadcasts in Cyprus in 1966. The Soviet Union and eastern Europe jammed western broadcasts because they wanted news kept out, though the very publicity given to jamming may have encouraged people to try to tune in.

Michael Nelson in *War of the Black Heavens* tells of a Soviet order in 1932 to stop the production of short wave radios. In fact, production went up because the Russians had long been adept at it and it was a commercial success. Years later Lech Walesa, the Polish Solidarity leader, was deprived of his short wave facility when in prison, but since he was an engineer by background he fixed it himself and went on listening with his jailer's help.

The west, however, had problems of its own. Why should it bother to broadcast to the eastern bloc at all? Senator Fulbright said it was an interference in other countries' internal affairs. What should the broadcasts say? Who should finance them? And since the western press liked to pride itself on its independence, how could you defend letting the Foreign Office, the State Department and the CIA having

some influence on the content, which they undoubtedly did? There was a near disaster in Hungary in 1956 when Radio Free Europe seemed to be fomenting the national uprising and promising that outside help was on hand. This was in contrast to the way that western stations covered unrest in Poland in the same year. They reported the events, but generally advised restraint. Subsequently, it was the way of covering Poland that became the model.

George Urban was a self-confessed cold warrior. In *Radio Free Europe and the Pursuit of Democracy*, he writes that the Soviet Union expired "a trifle too soon" and regrets that, while it lasted, it "was not menacing enough to hammer Europe into an unbreakable whole". He also opposed the European Security Conference which led to the Helsinki Act on the grounds that it was a Soviet ploy, though in this book he admits he was wrong. It was the Helsinki Act, and the dissemination of the text throughout the eastern bloc, that helped to unfreeze the old system.

Still, as director of Radio Free Europe in the 1980s Urban did a great deal to add

intellectual content and it was to the intellectuals that the western radios largely played, though perhaps to others as well. Urban has a tale of looking for a dissident Catholic in Budapest. The taxi driver took him to a public telephone box and suggested he call RFE in Munich: "They know everything".

Other anecdotes stand out in both books. Nelson records that one of the most successful foreign stations was Radio Canada International. The Canadians had very good contacts with Washington and London, but the station was so small that nobody thought of jamming it. Most research suggests that listeners made no great distinction between the stations: they simply referred to them as "the radios".

President Reagan emerges as something of a hero. He increased the funding of the American stations in 1982 when others, including the BBC, were cutting. It was during the 1980s that the cold war was won and perhaps the crowning triumph was the reporting of the Chernobyl nuclear disaster by the western stations in 1986, well before the Russians had acknowledged that anything was wrong.

## Flush of love turns sour

Christine Pountney on a tale of desire, guilt and betrayal

Milan Kundera's latest novel, *Identity*, is an existential romance that delves into the claustrophobic, doubt-ridden and egocentric world of the lover, and examines the extent to which the lover's sense of self is inextricably linked to his perception of the beloved.

Kundera is on familiar territory here, playing with the old leitmotifs of sex, death, love and betrayal, still testing the ephemeral nature of personal alliance. *Identity* is essentially a novel about misunderstanding, mistaken identity, miscommunication and mistrust. It begins at a hotel on the Normandy coast.

Chantal, a woman of indeterminate age, finding herself in the unfamiliar position of being alone, decides to take a walk on the beach. She observes the other tourists, especially the men pushing prams and carrying babies, and suddenly she thinks to herself: "I live in a world where men will never turn to look at me again."

When Chantal's lover, Jean-Marc, finally arrives at the hotel and finds she is not there, he also goes down to the beach to look for her. When he sees her from a distance, he waves but she does not respond. When he notices that she might be in danger, he starts running towards her, calling out her name. When he gets close enough, he realises he has made a mistake: it isn't her at all.

This is the first misunderstanding: if Jean-Marc can so easily mistake another person for his lover, how well does he really know her? Is she really the person he thinks she is, or merely a simulacrum?

Later that day, when the couple finally reunite, the moment is awkward and forced. In an attempt at levity, Chantal tells Jean-Marc about the thought she'd had earlier on, but it comes out all wrong. It comes out as a confession; and what's more, she flushes. (Chantal is, in fact, menopausal, which is not confirmed until page 66.)

What's odd is that Jean-Marc has not seen Chantal flush since the night they first met and, in this context, accompanied as it is by a statement about other men, that "flush seems to betray unconfessed desire".

The significance of Chantal's menopause is therefore double-edged; it is associated both with the original declaration of her love for Jean-Marc and the shame of betrayal. Kundera once

wrote that "the transformation of a man from subject to object is experienced as shame". It is at that moment when Chantal flushes that a great chain of events is set into motion, whereby the lovers are gradually transformed into the objects of each other's suspicions.

It is from this point that the lovers begin their spiralling descent into a Dantesque hell, which literally takes them through a tunnel (the Chunnel) and into London. Kundera once credited the English with having the greatest sense of humour, which is handy because he portrays London as the "city of lascivious dreams" – the locus of orgasmic pleasure, a nightmarish place of "pick-up artists, erotomaniacs, pervers and lechers".

Kundera has always rejected the Aristotelian definition of plot in favour of a more avant-garde approach, preferring to rely on random

**IDENTITY**  
by Milan Kundera  
Faber & Faber £12.99, 153 pages

coincidence rather than dramatic tension to propel his characters through and into various situations, then using them as spring boards for what he calls intellectual "meditations" or "digressions".

The author would remain forever banished to the realm of the essayist if it wasn't for his uncanny ability to breathe real life into characters that often arise out of a single gesture or idea. *Identity* is one of his least digressive novels, making it perhaps one of the most novelistic of his works. However, (and this is the irony) it does not have the emotional impact or staying power of some of his other more expostional works: the characters are just not engaging or sympathetic enough.

Although the writing is eloquent and perceptive (Kundera is still capable of dishing out scathing cultural commentary), *Identity* seems to lack the anarchic edge of some of his earlier works. There is something a bit too whimsical, too arbitrary, even despicably about this book. *Identity* ends so abruptly it is almost as if Kundera woke up one morning, sat down at his writing desk and thought: "That's it. I've had enough of this story", chalked up the final nightmarish sequence to a dream and called it a day. *Identity* is good, but it's not Kundera at his best.

## Accentuate the impossible

Jon Turney finds progress in science is governed by universal limits

We shall never know what goes on inside a black hole. Einstein's theories

predict that a truly massive object collapses under its own weight, producing a singularity where the laws of space and time break down. But every singularity comes equipped with an "event horizon". We cannot look beneath, and nothing can get out from under. Since we are used to living in a universe where space and time behave normally, this is just as well.

Yet, this kind of impossibility, argues the astronomer and indefatigable popular writer John Barrow, gets a bad press. We tend to view news of the impossible as a challenge or an affront to human ambition. Yet it is impossibilities which guarantee some order in the universe, and permit us to have any useful knowledge. What, after all, is a law of nature but a statement that some things will never happen?

In fact, scientific progress only begins if one can distinguish the possible from the impossible, says Barrow. But if we accept this, we also have to accept that progress, as he points out, complete knowledge is the hallmark of pseudo-science. When new-agers and believers in the paranormal assure us that conventional science cannot explain everything, that is precisely the point. Theories which exclude nothing explain nothing.

Around this theme that what is impossible may define the universe more clearly than the list of possibilities, Barrow conducts a tour of many of the most interesting topics in recent popular science, giving most of

them a new twist in the telling. He discusses human limits, which stem from the fact that our minds were not designed with science in mind. Just because we have kept from hunting and gathering to quantum mechanics does not mean we are equipped to recognise the most fundamental patterns in nature.

And we are already well past the point where one mind can have a reasonable grasp on more than a tiny fraction of available knowledge.

Then there are technological limits. Even though we can augment our brains with information processing machines, and join the machines in enormous networks, it is easy to define problems which would

take the largest conceivable computer longer than the age of the universe to crack. Try scaling up the travelling salesman problem – finding the shortest route which covers a number of points – in, say,

**IMPOSSIBILITY: THE LIMITS OF SCIENCE AND THE SCIENCE OF LIMITS**  
by John D. Barrow  
Oxford University Press £18.99, 279 pages

10,000 destinations. Soluble in principle, yes, but never in practice.

Deeper problems lie in logical limits, such as those found at the roots of mathematics. Here, impossibility and randomness

are two of the governing ideas of the 20th century, and they are united in the concepts which Gregory Chaitin has formalised about the "incomprehensibility" of data.

If science is the search for ways of encoding data in simpler forms, then Chaitin finds it is impossible to know for sure whether a general string of symbols representing data can be compressed further.

Finally, and easier on the reader's limited brain, there are limits set by the laws of physics. These go far beyond

Heisenberg's famous uncertainty principle, that one cannot measure the speed and position of a particle simultaneously. Take the velocity of light, for example. Einstein's cosmic speed

limit means that we will never have ultimate knowledge of the universe – whether it is finite or infinite, has a beginning or an end, and whether physical laws are the same everywhere or only in a (very large) corner or something unimaginably bigger.

The parts of the universe which are too distant for light to have reached us in the time since our neighbourhood was formed, will remain unknown. Like the inside of a black hole, they are barred to observation.

Since the universe we can see contains hundreds of billions of galaxies, this does not seem too much of a limitation. It is when our attention turns to the very complex, rather than the very large, that Barrow finds constraints ever more home.

Everywhere we look, from predicting the weather, to understanding the behaviour of billions of neurons in a human brain, to trying to design rational voting systems, we find limits on what can be done. We may be certain of the laws which apply, but they are often of a type which mean we must remain uncertain of their outcomes.

In all these ways, Barrow shows how there are limits on the kinds of questions to which we can expect answers, perhaps because "universes that are complex enough to give rise to consciousness impose limits on what can be known about them from within".

But his book leaves one feeling that this kind of impossibility is no cause for despondency. Rather, trying to improve our understanding of just what is possible, and what is not, seems a vital part of the enterprise our kind of consciousness has called science.



## Ryan's mum was in an accident. Ryan carries the scars.

Last year, when Ryan was 13, his mum was knocked down by a hit and run. When she came out of hospital, she was too poorly to look after Ryan, or his little brother. Ryan had to take care of them both. The demands took their toll. Ryan fell behind with his homework. When his little brother was teased at school, he took revenge with his fists. He ended up being excluded. He doesn't know what he'll do next. Boys like Ryan often turn to crime.

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## BOOKS

# Religion, ritual and rebellion

Jackie Wullschlager admires a dazzling portrait of England's last medieval intellectual

In the history of life-writing, Thomas More is seminal. In 1533, he wrote the first biography in English - of Richard III, thus crystallising via Shakespeare a vision of malevolence still powerful today. A century later, More became the first biographical subject who was neither a king nor a saint, when his son-in-law William Roper's intimate account of his life, published in 1626, inaugurated the biography of the common man.

Between those two dates, there occurred what Peter Ackroyd calls "the whole great change of European consciousness in the 16th century". The

THE LIFE OF THOMAS MORE  
by Peter Ackroyd

Chatto & Windus £20, 435 pages

medieval world of duty, order and self-abnegation gave way to the post-Reformation one of individualism and subjectivity. It would never have occurred to More that he could be the subject of a biography. Ackroyd's dazzling portrait of England's last medieval intellectual places him at the crossroads of two eras, and shows compellingly how he bridged yet resisted our modern world view.

The son of a London lawyer, More attended grammar school at Threadneedle Street, where boys arrived at 6am, bringing their own candles, and learnt Latin and rhetoric. At 14 he went to Oxford: "yonge scholars" rose at five for matins, attended lectures and studied until supper, spoke only Latin, and ended the day chanting to the Virgin Mary.

By the time he got to the Inns of Court, More had the perfectly trained medieval mind: a skilful, erudite orator, he "knew that human justice was only the faintest reflection of divine law, but it became for him the principle and model of conduct upon earth". Beyond were dark recesses of guilty spirituality - More wore a hair shirt beneath his lawyer's robes, and wrote

devotional treatises on transience and doom - and a lively, mocking wit.

Why did he become a rich lawyer instead of a monk? Filial obedience, say traditional historians, or a strong sexuality which couldn't stomach celibacy. Ackroyd reckons he was sharp and legalistic by temperament, but was at heart a clever actor who saw worldly life as theatre: he played out his dramas for the fun of the game while setting them always in the perspective of eternity.

He was immensely successful: he was under-sheriff of the city of London, then Lord Chancellor and a courtier of Henry VIII. His devotion to hierarchy - he obeyed his father in all things, and even knelt before him as Lord Chancellor - made him a safe bet. Nothing suggested he would cross his monarch.

Against this filial devotion Ackroyd sets the rebellion of More's great enemy, Martin Luther, "who defied his father's wish that he should become a lawyer, and it could be said that Luther's quarrel with paternal authority was eventually heard all over Europe". For More, religion was governed by precepts of law; Luther tried to expel law from the spiritual life. Possessed of "the authentic voice of the free... conscience", Luther "was assaulting the whole medieval order of which More was a part".

Ackroyd's novelistic skill brings alive a colourful medieval London "irradiated by spectacle and display". Gothic set-pieces, like More's baptism, give the flavour of all-encompassing religious ritual. There is the patronage at a "quest", unstable court, royal riots, and the pageants of the guilds; relatives of plague victims march past with tall white rods to warn of infection. Lawyers and merchants jostle with entrepreneurs of the new profession, the printers, as More stands between the old manuscript culture and the bright new world of wide-spread learning.

But the City is also home to the whores and cut-throats who turn up in the dock, sentenced by More to stand in the stocks at Stock Market or lose



Charismatic urban hero: a miniature of Sir Thomas More (foreground, second left) and family, c.1500

their heads at Tyburn. Cheapside resembles contemporary Marrakesh, street-sellers shrieking "satini", "silks", "foreign cloth!". Then Bow Bell sounds the curfew, and the city gates close.

From this busy, spirited capital, More emerges as a charismatic urban hero: sophisticated, learned, pious, generous. Erasmus calls him "sweetest Thomas"; their correspondence is a glory of 16th-century humanism. Henry VIII walks arm-in-arm with More around his sunlit Chelsea garden, talking of theology. More's family runs like a small school, his daughters the best-educated women in England.

As royal envoy in Antwerp, More is welcomed by Dutch intellectuals, and inspired to write his masterpiece, *Uto-*

*pia*, which Erasmus has printed at Louvain.

*Utopia* gave More "the freedom of fable" to mock contemporary abuses and follies, but behind his witty ambiguities storm clouds gather. "Irony", says Ackroyd, "was the most powerful... literary tone in a society where formal appearances were becoming less and less appropriate to the actual realities of power, and where traditional beliefs and authoritative customs were beginning to decay. It is the tone of Erasmus, of Rabelais, as the cultures of the Middle Ages were gradually being displaced".

*Utopia* is a hymn to order, published a year before Luther nailed his 95 theses on the church door at Wittenberg in 1517. "While authority remained

intact More was 'merry', to use one of his own favourite words, but if it was challenged he turned savage and unforgiving". His furious, scatological tirades against Luther make gruesome reading. Next came his network of spies bounding out Protestants, whom he rejoiced to see "well and worthily burnt... after the fire of Smithfield, Hell doth receive them: where the wretches burn forever".

Then the tables turned. More refused to accept Henry's divorce, not because of some private delicacy of conscience, but because as a lawyer he could not waver on the supremacy of Pope and Church: "he embodied law all his life, and he died for it". The chance of solitude and contemplation in the Tower was, he said, God's greatest favour to

him. He went mockingly to death, as if in a charade: a barber came to shave him was sent away, for "the King has taken out a suit on my head, and until the matter is resolved I shall spend no further cost upon it". He was beheaded on Tower Hill, and his head impaled on a pole and raised above London Bridge.

This is a marvellous book, impeccably researched, elegantly written, literary biography at its best. Ackroyd's achievement is to give a vivid, psychologically penetrating portrait of a man for whom the idea of celebrating an individual life would have been alien, without making our modern, searching form of biography look at all anachronistic. By according a symbolic quality to More's life, he gives a human story historical urgency.

## Life between moonshine and the morning star

Michael Thompson-Noel on an eye-opening account of what it is like to be blind

Technology is coming to the aid of the blind. There are reading machines that scan pages of print and convert the information into synthetic speech. There are talking computers, and software that connects blind people to the internet.

So how about a cable TV channel especially for the blind? Such a proposition is less outlandish than it sounds, given that America's public broadcasting channel has pioneered a video-description service for blind viewers, using skilled narrators to interpose incisive descriptions of the images on the screen between breaks in the soundtrack. One night, writes Stephen Kuusisto in this enthralling account of a life handicapped by near-blindness since birth, he felt to wondering about the idea of a TV channel for the blind, and then to picturing the "curse of the earth, and the rising stars, and the stylised rays of broadest energy moving into space".

Kuusisto, who is a poet, essayist and translator, imagined there existed somewhere a planet of the blind, where no one needed to be cured and everyone lived in the "sussur of cricket wings twinkling in inner space... On the planet of the blind, the winds of will are fresh as a Norwegian summer. And the sky is always between moonshine

and morning star... On the planet of the blind self-concept is a museum."

There is quite a lot of stuff like that in *Planet of the Blind*, but it doesn't particularly grate. This is because of the momentum of the narrative - lonely childhood, struggle through high

PLANET OF THE BLIND

by Stephen Kuusisto  
Faber & Faber £9.99, 194 pages

school, early obesity, bullying, anorexia, college. Ful-on the screen between breaks in the soundtrack. One night, writes Stephen Kuusisto in this enthralling account of a life handicapped by near-blindness since birth, he felt to wondering about the idea of a TV channel for the blind, and then to picturing the "curse of the earth, and the rising stars, and the stylised rays of broadest energy moving into space".

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scarred. He also contracted nystagmus - "dancing eyes". He was left with minimal sight and wore telescopic eye-glasses that gave him crushing headaches.

He is blind, he says, in a bittersweet way. "I see like a person who looks through a kaleidoscope; my impressions of the world are at once beautiful and largely useless."

Kuusisto and his mother found it difficult to accept his handicap, and it was many years before he could be persuaded to use a white cane. Then - even better - he acquired a guide dog, a yellow Labrador named Corky, trained, like all her kind, to be intelligently obedient: to decline to act if inaction is in the interests of her owner's safety.

At street crossings, explains Kuusisto, it is the blind person who, by listening to the traffic, decides when to cross the road, not the dog. At the moment of decision, however, the dog evaluates the command by studying what the cars are actually doing, and either does, or does not, step off the pavement.

One of the most eye-opening aspects of Kuusisto's story concerns the routine humdrumness to which blind people are subject, as opposed to the larger, more obvious ones. A fully blind friend of Kuusisto's named Dave once told a salesman in Iowa City that he wanted to buy a large-screen colour TV set.

The salesman maintained that all Dave needed was a \$75 black and white set, because the sound would be the same. Dave insisted he would take the biggest colour set. "But why?" asked the salesman, thoroughly puzzled. "Because," replied Dave, "blind people have families that like colour." All good books change the way we see the world, and *Planet of the Blind* is certainly that.

In *The Angel of Darkness* Caleb Carr revisits 1890s New York in the same way Dickens brought London to life. There is a similar obsession with chiaroscuro and poverty, the same sense of inner city growth and decay, but Carr uses contemporary knowledge of issues such as forensics, child-killing and psychological profiling, to shed light on the grim.

Lassie Kreidler, a shrewd psychiatrist (or "alienist"), and his family of fortune are presented with a case of kidnapping, which has taken place one evening in Central Park. No ransom note appears, and, soon afterwards, the kidnapped girl is seen by her mother on the subway accompanied by a mysterious woman.

On page 136, we learn that this mysterious woman's name is Elspeth Hunter and that she is indeed the kidnapper. The investigation abruptly switches from a question of "who" to one of "why", the suspense sags and, unfortunately, the writing can't take up the slack.

Carr is impressive in his

## Thrillers/Richard Skinner A little light shed on urban chiaroscuro

THE ANGEL OF DARKNESS  
by Caleb Carr  
Little, Brown £15.99, 626 pages

THE STREET LAWYER  
by John Grisham  
Century £16.99, 348 pages

THE CHIMNEY SWEEPER'S BOY  
by Barbara Vine  
Viking £15.99, 343 pages

pinpoint what he wants exactly, the violent episode is over.

Thus begins Brock's involvement with the homeless and his journey into self-discovery. He becomes a lawyer for the homeless and, as

his material wealth dissolves, so Brock's self-worth amasses. The trouble is that the sea-change is too swift, and the plot too uncomplicated, for the story to really grip. Along the way, we learn a little about corporate litigation and life in a shelter, but the ending is made so implausible that any edge it may have had is blunted.

As Barbara Vine, Ruth Rendell is attracted to much darker interiors than work published under her own name, and her new novel, *The Chimney Sweeper's Boy*, is no exception.

Gerald Candless, a 71-year-old novelist, is successful and secure in life. He loves his two daughters, but his relationship to his wife is vague and distant. When Candless suddenly dies of a

massive coronary, his daughter Sarah is invited to write a memoir of him. As she progresses backwards through his life, Sarah soon discovers that all is not what it seemed.

Segued with Sarah's investigation are sections in which Candless' wife, Ursula, thinks back over her marriage in order to assess it. These excavations of memory are startlingly gloomy as they chart the emotional collapse of their marriage.

As we learn more about Candless' life, we realise how successfully he has managed to hide his past. The degree to which his private and public faces diverge, and the degree to which he fails to reveal his private face to anyone, including himself, provide the central enigma to his identity.

The source of this failure in Candless' life, which closes the book, needs to be devastating, but doesn't snap shut in the mind as well as it could and is in danger of not being powerful enough to support everything that has come before.

haunt his successors. "The bloated face stared in on me from the doorway in the most macabre fashion", recalled David Garnett when he was lit ed there. "A few minutes later I heard him stagger out and go creaking down the stairs. The explanation of his visit was simple. When he had been sacked, he had kept a key to the building and at a certain stage of the evening he was apt to forget that he was no longer the editor and go back to the office, to exercise ghostly supervision of the paper which had been his life for so many years. What a subject for Henry James!"

Tony Curtis, like every editor before him, clearly finds it hard to leave this busy, whirling world behind; this validation to it is, however, dignified, courteous and unpretentious.

J.W.

## Dignified memoirs of a literary man

30 years later. In my youth I was fascinated by Fribank. Now I can't abide him. R.W.).

The result is a curious insight into the passions and politics of the literary establishment, interlarded with a history of this century's legendary reviewers.

Curtis retired in 1980, and it is extraordinary that, within a decade, the world of gentleman publishers and discerning booksellers and dazzling men of letters that he describes should seem to belong to a vanished era. It is a tale of our times: everywhere the inspired amateur has fallen before the efficient professional.

Independent, idiosyncratic publishers like Victor Gollancz and Hamish Hamilton, lofty about quality, dismissive about profit, used to write personally to editors recommending exceptional books; today individual houses are subsumed into global conglomerates like

Bertelsmann, the German company which has just swallowed Random House, and jaunty PR girls ring critics to hype a mediocre list.

Booksellers are rivalled by sales on the Internet; "star" reviewers have been replaced by the "ensemble"

LIT ED  
by Anthony Curtis  
Carcanet £25, 374 pages

- a mix of journalists and dons, serious, well-read but missing the "entertaining irreverence" of Curtis' heroes - such as Cyril Connolly, whose "clowning and hedonism, his love of good living and travel, are part of the general liveliness and enthusiasm for literature as a way of life that makes his reviews so compelling". For aficionados, this book reads like an after-dinner invitation to share anecdotes

about those for whom literature was a way of life - Mrs Humphrey Ward, doyenne of the old guard, punning Lytton Strachey's *Stripped Vest* in 1918; Henry James and H.G. Wells falling out over acrimonious reviews; Dorothy Parker vomiting over A.A. Milne.

For Virginia Woolf, reviewing became "the romance of her life"; for Orwell it was a torment of creative unfulfillment - "the white man's grave of journalism, it corresponds, in letters, to building bridges in some impossible tropical climate. The work is gruelling, unhealthy and ill-paid, and for each scant clearing made wearily among the springing vegetation the jungle over-night encroaches twice as far".

Of all the ghosts, my favourite is Clifford Sharp, the sacked editor of the *New Statesman*, who would turn up at 11 o'clock at night to

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## ARTS

# The final flourish of Byzantium

These Russian icons are ravishingly beautiful, writes William Packer

The icon, as a focus of Christian piety and belief, stands in the German title of the splendid exhibition now arrived at the Royal Academy from Frankfurt, *Zurück zum Himmel und Erde*, "between heaven and earth". "Icon", says the dictionary, is: "1. an image, figure or a portrait; 2. a representation of some sacred personage, itself regarded as sacred, and honoured with relative worship".

The icon, as it has survived within the Orthodox tradition, stands as a bridge of another sort. It takes us back to the earliest days of the Christian era, and, as we may see in the remarkable portraits from the catacombs of the Fayum marshes of the Nile, even beyond. Above all, it represents the age-old Byzantine tradition, fixed in its practice by the historic split of both church and empire into east and west.

While the art of the west, though fed from the same Byzantine roots, eventually took its own directions, the orthodoxies of the east, variously beset by Islam and the Mongol hordes of Asia, split further into those of Greece and Russia. As Byzantium, in its decadence, was slipping towards its fall, Moscow, a town first noticed by history only in 1147, was emerging as a power and empire to the north.

So the period covered by this exhibition, 1400-1600, saw the high Renaissance in the west and the fall of Constantinople in the east. It began with Moscow still subject to the Khans of the Golden Horde, saw the reigns of Ivan the Terrible and Boris Godunov, and ended almost within the lifetime of Peter the Great. It saw the building of the three cathedrals of the Kremlin and of St Basil in Red Square. In 1448, five years before the final fall of the empire in the east, the Russian bishops declared their communion independent of both Rome and Constantinople. "Two Romes have fallen; a third stands; there will not be a fourth." And it is in Moscow, not just the buildings but the icon painting and illuminated manuscripts that furnished them, that we see the final truly vigorous phase and flourish of the Byzantine tradition. The vigour of its art is at one with the vigour of Moscow itself.

The local school of icon painting was founded by Theophanes the Greek, Feofan Grek, who arrived in the late-14th century, and came to be dominated in turn by his pupil, Andrei Rublev, a monk who died in 1430, and in a later generation by Dionysii, who lived on into the 1500s. Rublev, more than anyone, set the character of Muscovite painting, moderating the given formal orthodoxies by a gentle personal humanity, hinting even at realism.

Few fragments of his work survive, none of which is in the exhibition, so his influence is more a matter of deduction than demonstration. Yet, for all the conventions to which it must inevitably conform, the general vitality of the work in this exhibition, in its narrative incident and invention, is nevertheless real enough.

It is, in this context, the more stilted and primitive images that seem at odds - *St Boris and St Gleb* (c.1500), first saints and martyrs of the Russian Church with their matching poses, robes and tiny heads, as stiff as the gilded board they are painted on.

The iconography of all these things is dense and insistent, for their role in the devotional life, both public and private, was constant and direct. The personal icon had its place in every house, in every life, the medium of physical intercession at every church and shrine. The icon of the patron saint was to be kissed on entry. There were the royal doors, the gates of paradise, rich in images of the saints and heavy with silver, that closed upon the priest and the mysteries of the altar within. And there, above the door and screening the sanctuary, hung the iconostasis, the great range of icons that was both the physical embodiment of the church and its symbolic representation with its tiers of imagery - Christ with his saints, angels and fathers of the Church on the most immediate level, and then the festivals of the Christian year, and the prophets above.

Such devotional intensity might seem to some, perhaps, a barrier to any true response, except to the initiate or devout. Or rather it would be but for the sheer physical presence and power of these extraordinary and so often ravishingly beautiful things. For they carry us into them not simply by what they represent, in terms of message or devotion, but by what they are as art.

I do not for one moment say that such matters are unimportant. Rather, in their invention, in the unaffected directness of their making, and the surface riches they afford, of colour, form and texture, they fire the senses of the imagination in a way not contrary to the purposes of religion, but complementary to them - of each other, as it were, yet independent.

Before them, daunting though they may be, we have only to take a deep breath, open our eyes and, whatever our beliefs, plunge in. It is more than worth the trouble.

The Art of Holy Russia - Icons from Moscow 1400-1600: The Royal Academy, Piccadilly W1, until June 14.



Breathtaking power and physical presence: detail from 'The Righteous Thief', 1600

## Television/Christopher Dunkley

### Brief encounter with a blithe spirit

Noël Coward was not a great actor, a great playwright, a great director, or a great singer, though he did write catchy songs with very witty lyrics. His public image, as the matinee idol in a silk dressing gown with a long cigarette holder, and Gertrude Lawrence in his arms, made him out to be a great heterosexual lover, yet he was a lifelong homosexual who reckoned sex was over-rated, and that his career was more interesting and important. So why does he make such a fascinating subject for the three-part television documentary screened this weekend by BBC2 under the *Arena* banner?

There are several reasons. First, from boyhood to old age, as these programmes demonstrate, he was a great charmer. Asked what he would be remembered for he nominated (and the more you think about it, the odder, and yet the more accurate and honest the reply becomes) his charm. At times, as in the famous prison scene from *The Night*

*Job* which he filmed in the latter part of his life, and which is used here at the start of the first programme, it may seem close to artificial. Yet when you watch excerpts from televised interviews, it is impossible not to be promptly captivated.

Secondly, he was a brilliant and instinctive self-publicist. John Osborne - a playwright thought by some to have destroyed the entire Coward generation of stage writers, but whose own star rose and pretty well set within Coward's lifetime - shrewdly claimed that Coward was his own greatest invention. This is a neat encapsulation of what the *Arena* trilogy shows in detail: that Coward was an early member of the spin-

doctoring fraternity who latched onto the power of the media before the word had even been applied to mass communications. His manipulation of his own involvement in stage, gramophone records, cinema (where he produced, directed and starred, being at the centre of *Billie's Blues* and *Which We Serve*, both screened by BBC2 this morning, and *Brief Encounter* which he wrote) was masterly.

Thirdly, you could hardly have arranged for a life to be better preserved in all forms of archive material - photographs, print, film, television interviews, gramophone records, newspaper cuttings, written biographies and, it now turns out, home movies - if you had set out deliberately with that as your aim. Indeed, you do wonder, now that Coward's own home movies are being used for the first time, whether the old spotlight hogger wasn't planning something like this trilogy from round about 1910 when he first set foot on the stage.

Faced with such riches, it appears that *Arena* editor Anthony Wall and director Adam Low opted to have everything, including not just one of Coward's biographies but all three: Sheridan Morley, John Lahr and Philip Hoare. Near the begin-

ning of Programme 1, they congregate at an old Coward hangout, the Ivy restaurant, where they discuss *The Master*. Then, throughout the three programmes, the producers return to this gathering as a reference point and for judgments or analysis regarding further aspects of Coward's life. This technique works remarkably well, easily bringing out, for instance, the way that Coward moved without apparent effort from his role of sardonic and witty commentator on the mores of fashionable society in the inter-war period to patriot and even jingoist once the second world war began.

Even with 190 minutes of documentary, there is not that much scope for examples of Coward's work, so it seemed a good idea for BBC2 to throw in *Twentieth Century Blues* - *The Words And Music Of Noel Coward* at 11 o'clock this evening. However, this turns out to be a disappointing item, recorded during a concert staged earlier this year for the benefit of AIDS charities, where a peculiar assortment of today's singers attempted to bend Coward's songs to their own styles, mostly with disastrous consequences. Given Coward's clipped and utterly clear enunciation, and the fact that his songs rely entirely for their effect upon a clear understanding of the lyrics, it is worse than ironic to find

most of these performers mumbling or screaming the words against a modern electronic cacophony, thus rendering them wholly incomprehensible.

This disservice to Coward's memory is hardly surprising given the determination at this event to turn him into the sort of gay icon which he so studiously shunned throughout his life. No doubt this was chiefly because of the violence of public hostility to homosexuality at that time. Yet Coward's pronouncements about sex during the documentaries suggest that some degree of personal fastidiousness may also have been involved, perhaps a lot, and it seems a bit much to force him posthumously into an image which he took such pains to avoid.

That said, an unmistakable air of sadness emerges from the excellent *Arena* trilogy, even though so many of the words and pictures reinforce the atmosphere of fun, frivolity and flippancy for which certain groups became famous in the 1920s and 30s. It is hard to avoid the feeling that this must stem at least in part from Coward's lifelong necessity to adopt in public an image which was at odds with the reality of his private life. It is regrettable that, although so much time is devoted this weekend to the man who wrote such wonderfully funny songs as "The Stately Homes Of England", "Don't Let's Be Beastly To The Germans" and "There Are Bad Times Just Around The Corner", we do not hear a proper rendering of even one of them. Perhaps there will now be a renaissance and we can have a whole season of his work.

Radio/Martin Hoyle

## The branding of Britain

It was a far from grunting week for the British: for those who listen to *Today* at any rate. The report of a speech made by Peter Mandelson in Germany opining that the system of representational democracy was waning, to be replaced by referendums, focus groups and (presumably) rule by media, was accompanied by the news that President Tony Blair had taken part in only five per cent of the votes in the House so far. (Mrs Thatcher and John Major voted on one in three questions.)

This prompted Anne Taylor, leader of the House, to insist that Tony has as much respect for parliament as his predecessors, which some cynics might say is begging the question... A few days later Madam Speaker came out with her reproachful comments on spin doctors and the supineness of the new Labour intake, many of whom, it has been noted, never expected to be elected and now seem content to be lobby fodder that sounded like

From which it will be seen that *Today* has not lost its bite, though with the fluffing James Naughtie it takes time to put its dentures in. Interrogators like Humphrys and Pakenham repeat questions because their subject is evasive. Naughtie too often interrupts because he doesn't realise that the question is being answered.

The embattled English were treated to theories on a new national day by a whimsical-sounding gent from one of President Tony's committees for the wash-and-brush-up of our image. Nerdishly glottal-stopping in an Estuary-accented yelp, he advocated a new sort of St George's Day - appropriating Mother's Day, for instance, or Valentine's Day, to show the English are good lovers. His woolly-minded confusion between Britain and England, the synthetic mixture of brain-washed commercialism and half-baked waffle wonderfully summed up the new branding process of GB plc. Never mind focus groups: I have the feeling we are increasingly governed by slick door-to-door salesmen.

Noël Coward surely remains unshakably, unmistakably English. So one would think. But Radio 2's broadcast of a gala concert devoted to Coward's work (scheduled for television tonight - see Christopher Dunkley below) produced some staggering surprises. *The Songs of Noël*

Coward - *Twentieth Century Blues* was introduced by Neil Tennant of the Pet Shop Boys, an enthusiast for "the first ambassador of British cool". In fairness, the PSB sang an attractive version of "Sail Away". They know how to hit a note and hold it, unlike most of their colleagues. Depths were plumbied by an 18-year-old nominee from the Britpop awards who made a sprawling dirge of "Some Day I'll Find You". Sting bellowed and whispered his way through a preciously mannered arrangement of "I'll Follow My Secret Heart", apparently unable to do anything in between. Marianne Faithfull, with only two verses of "Mad About the Boy", managed to get the words mixed up, but at least reminded us of what a good song it is. Suede's "Poor Little Rich Girl" while almost unrecognisable made a fascinating sound, done with genuine musical intelligence. Ned Sherrin effortlessly barked out his throwaway quips in an acoustic that sounded like Wembley Stadium to a well-oiled but not too swift-witted gala audience. New Coward for New Britain.

And new Radio 4, more of which over the next few weeks as it all sinks in. The inoffensive and often entertaining *Breakaway* bade us farewell like Haydn's symphony, the regulars leaving the studio one by one until Pete McCarthy was alone. Did he blow out a candle? *Science Now* will be replaced by something dealing with "real" technology in "real" situations with "real" people (real people were really big in the 1960s; obviously they are making a comeback. What have we been listening to meanwhile? Robots?).

On *These Days* reminded us how the physicist J. Robert Oppenheimer had leapt at the chance of giving the Reith Lectures on "that wonderful BBC" after constantly refusing offers from American television. But the wonderful BBC was nervous about the public's capacity to absorb brilliant untruncated erudition and decided against transmitting the lectures on the World Service because of the material's "obtuseness". So they said in the programme. Did they mean abstruseness? Or obscurity? Was it the old BBC's mistake or a slip by the semi-literate of today's corporation? New English for the new BBC for New Britain?

## The sound of the 1990s

It is all very well politicians deciding there should be a new look for the arts in the UK, but how many are aware of what was going on before? There is no capital in Europe where new music is more fast-moving than London.

For at least a decade the South Bank Centre has anticipated New Labour policy by promoting living composers, hopping backwards and forwards over the "crossover" line that is meant to divide popular music from classical concerts. There have been plenty of evenings when a young, trendy audience has turned out at the Royal Festival Hall, though not for some reason last Friday at the opening night of *Fractured Lives*, an important festival devoted to the music of Mark-Anthony Turnage.

Turnage can hold his head up proudly against the barrage of "cool Britannia" thinking, if any composer can. After all, no other music is more strikingly the sound of the 1990s in the UK (Simon Rattle's *Towards the Millennium* will surely put in some Turnage to represent this decade). There was just one half-hour orchestral work in Friday's opening programme - *Your Rockaby*, sandwiched between Debussy and Stravinsky - but that captures Turnage's streetwise modernism as well as any.

Led by an amplified saxophone played by Martin Robertson, the music fuses jazz, world and classical styles. Turnage's strength as a composer is that he succeeds in taking from so many sources without being condescending to any of them. The melting-pot sound he gets from a large orchestra (big brass section, African drums, Hungarian chor-

the led for Gregorian chant and related musical aromatherapy. Part's brand of spare, slow-moving, religious inspiration has found a wide appeal. *Litany* dares to vary that style a modicum, but once the self-denial of Part's music is spiced with a little colour, it seems to me its whole *raison d'être* is compromised. Still, the four voices of the Hilliard Ensemble sounded as other-worldly as ever and the BBC Symphony Chorus and Orchestra seemed well prepared.

The *Credo* of 1988 revived an earlier Part, long forgotten. This was a very personal utterance of high drama and much noise, but limited musical world. Leon McCawley played the Bach Prelude which set it in motion, Jukka-Pekka Saraste kept control from the podium. Norgard's Symphony No 2, written in 1970 but never before performed in the UK, is an exercise in ordering music solely by science, resulting in a more productive experience than might seem likely. Saraste's performance of the Third Symphony by Sibelius was no less cogently organised. The BBC is doing well to attract so many to such unusual fare.

Richard Fairman

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A Thought  
for Easter

"For all the happiness  
men find, it is not in  
pleasure but in pain."  
John Dryden (1631-1700)

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May the happiness gained  
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and always.

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## ARTS

# Trapped by her family background

Andrew Jack reports on the first novel written by the late President Mitterrand's illegitimate daughter

This is the fictional story of Agathe, a philosophy student at the best college in Paris, and her romantic ups and downs with Victor, a fellow post-graduate.

Or the true story of Mazarine, the daughter of France's former president François Mitterrand by his mistress Anne Pingot, a philosophy student at the best college in Paris, and her love-hate affair with the media.

But above all, the surreal story of how Pingot junior, a precocious would-be writer - along with Julian, her publisher - has capitalised on the facts of her own life and the pulling power of her father, in a tale swathed in the thinnest of fictional veils.

Four years after the French public officially learnt of the existence of Mazarine through a photo in Paris Match, and two years after she was seen at the private burial ceremony of her father - alongside his "official" family - she has again come to public prominence.

According to her editor, Pingot first expressed the desire to become an author five years ago. Now, at the far more mature age of 23, she has published her first,

if rather unoriginally titled, *Premier Roman*, with a distinctly untypical initial print run of 50,000 copies.

What is striking about the "Mazarine phenomenon" of the past few days is the lack of criticism of the book itself. *Le Monde* devoted a lengthy article in its books section to her. Plus a front-page article in which her editor piously explained how she had sought out literary journalists to meet the author rather than those interested in her simply because of her father.

Nouvel Observateur, the left-wing weekly magazine, splashed Pingot's smiling face on its cover, accompanied by a three-page interview. Quoting from the text, the AFP press agency reported an extract without irony: "One no longer has the right to reduce me to the single image of Mazarine, the daughter of..." asserts the daughter of the former president of the Republic.

Then Pingot appeared for an hour-long interview on last Sunday evening's *Public*, a programme on TF1, France's most popular, widely-watched channel - only to express her hatred for the media

which had pursued her, and left her disgusted.

If none of these carefully selected public outings - like a number of subsequent articles without the benefit of the author's direct input - ventured far into literary criticism, the television broadcast was perhaps the most revealing.

A bright young woman expressed interesting views on a number of subjects, albeit while nervously fidgeting with her hands, sucking on her lip and re-arranging her hair, which gave the impression more of a 15-year-old. But, in the striking resemblance when she smiles, you cannot help but continually make the connection to her father.

So what of the novel itself? *Premier Roman* is certainly simply and clearly written - even if her editor's admission that the original manuscript was submitted three years ago leaves open the question of how much it was Pingot's own unadulterated work.

There are some occasionally interesting ideas - like the difference (though barely described) way in which she makes love in Paris and in the provinces - and strong

turns of phrase. "Paul was very handsome, very blond. In general, he was 'very', she writes. But it is difficult to have enormous sympathy for the characters she portrays. Indeed, aside from Agathe and Victor, there is little characterisation at all. Most of the other numerous personalities are crude cut-outs who simply serve as convenient backdrops for the protagonists.

Nor is the scenario terribly gripping. Pingot describes a wonderful life of beautiful people, devoid of worries beyond which party to attend next and which up-market restaurant in which to eat.

Agathe lives in a studio apartment paid for by her parents, cultivates her well-developed taste in wine, and has access to luxurious apartments of friends in London and beyond. Her days are spent getting up late, reading and drinking coffee. And the novel is also lazy. There is little direct dialogue, and an impatience to dispense even with reported speech.

"She laughed at a story told by one of the two young men in leather," she writes of a dinner party, for example. "A tale of broken hearts." That's it. She doesn't bother to tell us any details.

The undeniable fact is that the most interesting way to read this novel is to decrypt - despite her rather weak denials - its autobiographical elements.

In "Agathe's" social circle, there are "lots of children of middle class families... children of the 5th and 6th [arrangements of Paris], cultivated, inheritors of a narcissistic intellectual elite... with tendencies towards snobism and complacency."

Yet it is clear from Pingot's interviews as well as from her novel that when it comes to analysing her relationship with her father, she lacks the maturity to stand back and see that there was perhaps another, less laudable, side to his personality.

One can feel sympathy for how Pingot is trapped by her own background, and the frustration she must feel in not being able to be judged as a budding novelist in her own right, but by constant reference to her father.

Unfortunately, *Premier Roman* does little to change that perception. It is not a bad first novel, but it fails to live up to the true story that lies behind it.



Mazarine Pingot: thinnest of fictional veils

The tracks leading to the future

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Lord Rothschild: 'I believe the history of the Rothschild and their collections is extraordinary. It is important Waddesdon continues all guns blazing'

## Open house at the manor

Susan Moore talks to Lord Rothschild about the restoration of Waddesdon

Collecting and gardening seem to be in the Rothschild genes. Baron Ferdinand de Rothschild, who set a fairytale French Renaissance-style chateau on a Buckinghamshire hill top, filled it with sublime examples of 18th century French decorative arts and British portraits, and surrounded it with what became the quintessential Victorian garden, was blessed with both gifts in equal measure.

This year marks the centenary of Baron Ferdinand's death and the completion of a 10-year restoration programme of his beloved Waddesdon Manor, masterminded by Jacob, 4th Lord Rothschild. (As a former chairman of the trustees of the National Gallery and, since last week, of the National Heritage Memorial Fund, and saviour of Spencer House, the latter has shown himself firmly in the collecting camp.)

After the Baron's death, the property had passed to his sister, and then to a French cousin, James. Also childless, James bequeathed Waddesdon to the National Trust to ensure its future in perpetuity. In an unique arrangement with the Trust, however, the property continued to be managed, and maintained, by his widow. "At the end of her life my aunt looked round the members of the family to see who should take over the family trust running Waddesdon," Lord Rothschild explained. "She decided I was the best bet."

First came the deferred maintenance work: 13 miles of electrical wiring, five miles of copper pipes, restoration of 70 pairs of curtains and the installation of state-of-the-art lighting. "To compensate for all this dreary work, we thought we would do something exciting too," he continued. Thus the vaulted cellars were converted into a handsome working wine-cellar, 15,000 bottles strong, modelled on that at Chateau Laforce-Rothschild. Wine days are hosted during the summer season and visitors can sample wines from family vineyards around the world.

Open to the public for the first time this season is the former Bachelors' Wing, housing the smoking and billiard rooms, which have been returned to something like their original appearance and which Lord Rothschild occasionally uses for entertaining. "The Trust is keen to have a family presence in its houses, and I wanted to keep the options open for the rest of my family," he explains.

Alongside conservation and restoration has been the desire to enhance, and interpret, the Waddesdon collections. Baron Ferdinand's collection, in fact, had never remained static. James de Rothschild, for one, had inherited a third of the remarkable collection amassed in Paris by his father, Baron Edmond, and these works of art fitted seamlessly into the manor's interiors.

Gaps, like those left in the Bachelors' Wing by Baron Ferdinand's

bequest of medieval and Renaissance works of art to the British Museum, have been filled by the present Lord Rothschild by dint of borrowing, mostly from other family collections, including his own. There have been acquisitions, too, and commissions - the Lucien Freud portraits in the Family Room, and complementary loans from such august institutions as the Louvre and the Musée des Arts Décoratifs in Paris.

For this centenary season, Baron's grandchild Countess of Mountbatten, Kyril Razumovsky presides over the south corridor, beside a permanent display of 103 pieces from the *bleu ciselé* dessert service the Russian bought at Sévres in 1767. Downstairs in the dining room another, even more spectacular, Sévres dessert service has been borrowed to demonstrate how a grand table would have looked for a desert course in the 18th century. The centrepiece is filled with Sévres biscuit figures of shepherds and shepherdesses, rustic lovers and the like, the whole creating the kind of charming, light-hearted pastoral idyll that echoes around this treasure house, in porcelain, gilt panelling and ormolu mounts, in tapestry, carpet and paint. A small display upstairs illustrates the way such images passed from one medium to another - and how rewarding it is to focus on individual works of art within a collection.

National Gallery style. The "Waddesdon standard" is no less evident in the garden, where Kew-trained Beth Rothschild has restored the Victorian parterre, using modern plants to replicate its showy effect. Golden wallflowers and black tulips rise in a flamboyant wave of raised ribbon bedding and 86,000 specially grown plants combine in massive carpet bedding. In contrast to this formality, lilacs of the valley have joined the Camassia and wild garlic in the woodland garden, also sown with a wild flower mix selected by Miriam Rothschild.

While there are no longer 54 gardeners at work in the glasshouses alone (indeed, the glasshouses themselves have gone), there are still 11 full-time gardeners, plus a huge number of volunteers. The RAF will even send troops to move 50 tons of manure. It is clear that this is no ordinary garden, or house.

So many of the other Rothschild houses have fallen by the wayside," explains Lord Rothschild. Waddesdon is the only major house built by the offspring of Mayer Amschel's five sons who founded banking houses in the financial centres of Europe that remains with its collections intact. It is also the only one open to the public. "It is not just family piety," says Lord Rothschild. "I believe the history of the Rothschild family and their collections is extraordinary. It is important that Waddesdon continues all guns blazing."

## From rags to rhinestones

Joan Smith looks back at the career of Tammy Wynette, first lady of country music

Women measure out their lives in popular songs and

Tammy Wynette, who died this week, provided two of the most frequently quoted examples. Never mind that the lessons they offered, "Stand By Your Man" and "D-I-V-O-R-C-E", appeared to contradict each other. In that sense, they simply reflected the confusion of women's lives in general, and of Wynette's - five marriages, four divorces - in particular. Her marital career was more turbulent than most, with one divorce following an incident in which her then spouse pursued her with a gun, but such larger-than-life incidents turned her into a potent cultural icon. Like the Princess of Wales, Tammy Wynette was perceived as a survivor.

Her story was also quintessentially American, a transition from rags to rhinestones, from grinding poverty in rural Mississippi to the first lady of country music. She was fiercely proud of what she had achieved, publicly boasting Hillary Rodham Clinton for a scornful allusion to "Stand By Your Man" (which Tammy Wynette co-wrote with Billy Sherrill) during a television interview in 1992. As the then presidential candidate Bill Clinton defended himself against the charge of an affair with Gennifer Flowers, his wife angrily mixed metaphors on the CBS 60 Minutes show: "I am not sitting here as some little woman standing by my man, like Tammy Wynette," she told an interviewer. "I'm sitting here because I love him and I respect him and I honour what he has been through and what we've been through together."

Wynette, watching the interview at home in Nashville, Tennessee, apparently jumped to her feet and exclaimed: "How dare that bitch say that about me!" She later elaborated what she meant by the lyrics of "Stand By Your Man", explaining: "Although I consider myself a lot more liberal

than many of the 'sisters' who criticised the song especially when it comes to things like financial independence, being the family breadwinner, raising children alone and running a business - I am emotionally dependent on men. I'm happiest when I'm in love and I'm miserable when I'm not."

This may be a setback for feminist analyses of the song, which have tended to regard lines such as "but if you love him, oh, be proud of him/ 'cause after all he's just a man" either as an admission of male vulnerability or ironic. (What Wynette made of its later incarnation as a gay anthem, with a very obvious double entendre, is not recorded.) Even so, in a contest for feminist credentials between Wynette and Hillary Clinton, victory can hardly be said to belong automatically to the latter. Six years on, with Bill Clinton finally admitting to an affair with Gennifer Flowers in a belated damage limitation exercise, Mrs Clinton is still standing by him.

Tammy Wynette, on the other hand, ignored her own advice and got out of four bad marriages - including one to the talented but hard-drinking country singer George Jones - before settling down with her fifth husband, songwriter George Richey. A year after that marriage in 1978, she was kidnapped, beaten and dumped on a Tennessee highway, a crime whose perpetrators were never brought to justice. Until her death at the age of 55 this week, she had also battled against frequent bouts of ill health, including an operation for gastritis problems which resulted in the removal of half her stomach.

In spite of some ill-advised ventures into pure schmaltz, such as an album she recorded with George Jones in 1972, entitled *The Ceremony* and in which they performed a musical version of their wedding vows, her plaintive, emotion-drenched voice was the perfect vehicle for lyrics which expressed

the aspirations and the heartache of a working-class woman making her way in a man's world. Her mansion in Nashville, with its classically *nouvelle riche* abundance of bathrooms (15) and bedrooms (13) was in stark contrast to the family farm near Tupelo on which she was born in 1932. Her father died when she was nine months old, her mother abandoned her to work in a Memphis aircraft factory, and she was brought up by her Baptist grandparents - picking cotton, improvising clothes from flour bags, and with small luxuries like dancing and the cinema strictly forbidden.

Unsurprisingly she left home at 17, taking a traditional way out: marriage to Eugene Byrd, who soon left her with two small children. They had one more child, who suffered from spinal meningitis, before she finally fled to relatives in Alabama. Shortly afterwards she drove to Nashville where she left her three daughters in her car and did the rounds of record agents, finally persuading Billy Sherrill, who remembered her as "a pale skinny little blonde girl who seemed at her rope's end", to let her record a song, "Apartment No 9". It was a minor success and others followed, including "Stand By Your Man", recorded in 1970 but not a hit in Britain until 1975, when it featured in the Jack Nicholson movie, *Five Easy Pieces*.

These early experiences were etched into her voice and made up for any amount of later excess. Nor were her attitudes as accepting, or old-fashioned, as some of her early lyrics suggested. One of her most recent songs, a duet with her former husband George Jones, is uncompromisingly titled "If God Met You (She Wouldn't Like You)". And she once outlined no less than 10 situations in which a woman should leave her man, beginning with infidelity. "Tell him to get lost!" she declared, a robust piece of advice which has not been followed by the avowedly feminist Hillary Clinton.



Tammy Wynette kisses president Ronald Reagan: she had more robust advice for women with straying husbands than 'Stand by your man'

Let the

David Owen

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Neil Bartlett made no bones about it. His staged version of Britten's *Seven Sonnets of Michelangelo* - the first of a series of four bold music-theatre experiments to be seen at the Hammersmith's Lyric Theatre, London during the coming weeks - is an experiment. It is ambitious, attempting simultaneously to give audiences a performance of the work, a lesson about the circumstances - historical, social, personal - of its creation in 1940 and its first performance in 1942, and, most powerfully, an insight into the composer's state of mind.

The *Sonnets* were composed for and first sung by Britten's partner, Peter Pears. Their texts, chosen

## Music-theatre/Stephen Pettitt

### Private drama of passion

with utmost deliberation to make their significance blatant, are addressed to a male. The piece was as public a declaration of their love as the pair could dare to make at the time. Bartlett's action expresses in a complex, brilliantly executed sequence of mood-mime not just the difficulties and joys of their love, but also the tension between their private and public lives.

Some might harbour reservations about Bartlett's seemingly irreverent disturbing of the sanctity of this music. I have none.

Music is drama in sound, and any attempt to marry the aural with the visual, although it can easily go awry and result in mutual distraction, also contains the opposite possibility.

Bartlett, I think, succeeds in the illumination. Each song is surrounded by acres of silence - there is more silence than sound, in fact - during which a troupe of actors mimes. At first they play the collective role of a formally attired, stuffy audience, moving with

almost comical mechanical politeness, raising a perfectly poised eyebrow here, giving the merest hint of a smile of acknowledgement there, yet hiding their inner selves.

But then, in what might have been a performance dreamed, in some wakeful nightmare-dream of the composer (the staging includes Magritte-like doors and light-bulbs that float down from the fly-tower), they become participants in a private drama of passion, expressing in their actions the fears, desires, hates, frustra-

tions that pepper Michelangelo's complex texts. Among them appears a beautiful Eros figure, a near-naked young man, object of sensual fantasy, source of pleasure, pain and guilt - emotions omnipresent in Britten's life.

With such a rich contextualisation, it would be easy to forgive the singer involved for seeming to play a bit-part. But the young tenor Toby Spence maintained a strong presence, singing or not. His performance had a sturdy passion, his voice a resonance that triumphed over the dry theatre acoustics. His pianist, Julian Milford, was also excellent and equally integrated himself into Bartlett's vision. It was not an easy or comfortable evening. But it meant much.

سكان الصحر



## SPORT

## Sporting Profile

# The three tracks leading to the future

Sally Gunnell is pursuing new ventures, says Keith Wheatley

**T**hough the London Marathon later this month signals the start of the European athletics season, the hand-wringing about the trough – both financial and sporting – in which British sport finds itself can only be intensified by the absence from the track of world champion Sally Gunnell.

For the first time in over a decade, one of the UK's best-known sportswomen will be at home with her feet up – retired.

Actually, Gunnell will probably be busier than at any other time in her life. Her first baby is due in June, she has a showjumper to train for the Olympics and a new business venture to nurture.

There is no evident nostalgia for the world of spikes and hurdles. "I don't miss it one little bit," she says. "When people see me doing commentary or whatever for Channel 4 they're sure I want to be back out there, but I don't feel the least desire to go out and run. And the thought of going training twice a day. Oh, no."

She is speaking as she watches Eric, her Olympic protégé, taking practice jumps. She concentrates hard, narrowing her eyes against the bitter east wind coming off the South Downs.

The big chestnut takes three paces and launches himself elegantly over the poles. Eric has a lovely, flowing stride and a big jump.

Gunnell worked intensively with her husband and coach, Jon Bigg, for 10 years to produce her 400m hurdles world records and Olympic medals. Now they have turned their attention from track to stable. "It's another little aim in our lives," she explains, with the lack of ego that charmed the British public.

"We'd done the athletics bit and reached our dreams. The two of us were talking one day about what a great buzz it would be to get someone else to the Olympics."

"OK, we could do it with another athlete and Jon is a brilliant coach, but to do it

in a completely different sport would be fantastic. I suppose we both just live off challenges."

Since both fit neatly into the beginner category when it comes to horses, they needed a partner. Enter Chris Ellis, owner of the stables near Worthing where Bigg learned to ride and where he keeps Rupert, an experienced but safe showjumper which he takes to local competitions.

"I'd get so high on the buzz of it all," he recalls, "driving back in the car talking a million miles an hour to Sally."

Gunnell was thrilled for her husband. "As an athlete he'd been injured very early on and I realised that his running was lived through me," she says. "It was great that he'd found something of his own."

Ironically, it was Gunnell who had the horse background, not her husband. On her family's 380-acre Essex farm where she grew up, young Sally used to ride around the fields on a pony passed down to her from her brothers.

"By the time he reached me, he was a bit of a third old boy, so we never did Pony Club gymkhanas or whatever. I was never into it big time," she says.

So how did an Olympic campaign – albeit equestrian – sneak on to the Gunnell schedule? "It grew out of conversations about training with Chris, leaning on the rails of the arena. It became obvious that it wasn't a million miles from running and hurdling. As soon as you go showjumping, you see the connections."

Ellis is a man with a passion to produce and ride an Olympic showjumper. Eric was in danger of being sold abroad, so Gunnell and Bigg stepped in and bought a half-share in the horse.

"When you produce top-class horses you normally have to choose between the profit or the glory," Ellis jokes. The gains can be considerable. A promising youngster bought for £10,000 can be worth £200,000 once it is on the verge of international competition. However, his sentimental new owners say Eric will never be sold.



Gunnell plans to earn her living as a fitness instructor. However, her experiences in the fitness world set her brain working overtime. "I started to visit gyms as an ordinary punter and, believe me, I didn't feel at all comfortable," Gunnell recalled. "All that chrome and glass, everyone dolled up in co-ordinating Lycra, posing in the mirrors. It was awful and I'm supposed to be used to that kind of thing."

"I thought that if I couldn't find a place where I could comfortably work out without feeling embarrassed then I'd damn well create one for myself."

With her "girl-next-door" popularity and public awareness, she could have taken up various lucrative

endorsement offers from fitness chains, but with her husband she was determined to create something that fitted her vision – not someone else's commercial strategy.

Jon trained as a designer and he had a pretty clear idea of how it should look. Not quite chintz sofas instead of Nautilus machines, but with the relaxed sort of atmosphere of a coffee bar or a friendly pub. Somewhere it wouldn't matter what shape you were."

Gunnell's own shape is considerably rounder. Pregnancy, however, has not stopped her throwing heart and soul into the Fit Stop project, with the first of the centres opening in

Sutton, Surrey, in February. A key idea was that the biggest potential market for Fit Stop was not young adults, already heavily into exercise, but the over-50s. Research told them that only 4 per cent of that age group took regular exercise. Instinct told Gunnell that these people were deeply apprehensive about the shiny, hi-tech image of most gyms.

Already the over-50s are a significant customer group at Fit Stop, most of the marketing effort has been targeted at the older client. "They're brilliant," she enthuses. "I get such a buzz out of how much they're enjoying it. It's like being able to give your mum and dad a special present."

In last Saturday's Sporting Life, Griffin's Bar's trainer gave this assessment of the horse's chances in the National: "He can be a bit clumsy. We had schooled him on Tuesday and he virtually fell over his fences. I am just hoping he comes back [from Aintree] safely."

When horses are killed in jumps races, their owners and trainers invariably claim they were killed doing what they liked most. Martin Pipe, Britain's most successful jumps trainer, said

of One Man's death: "One Man died doing what he loved best."

How many horses are killed or seriously injured on UK jumps tracks each year, doing what they love best? The figure is being suppressed. Last Monday, the Jockey Club, racing's main supervisory body, refused to give me this information, even though it knows what the figure is.

The Jockey Club's reticence sits uneasily with the fact that jumps racing, like ordinary flat racing, is heavily subsidised by public money extracted from punters via a levy on betting. Without this subsidy, neither flat nor jumps racing could survive.

Sight years ago, the Jockey Club was less fastidious about revealing the death toll at UK race tracks. In March 1990 it told me that the number of equine fatalities at UK tracks in 1987 had been 177. In 1988 the toll had been 183, and in 1989, 174. These figures related only to deaths at racetracks. They did not include the euthanasia of horses injured in races, and put down days or weeks later.

Regrettably, neither the RSPCA nor the League Against Cruel Sports has the guts to condemn jumps racing outright. They have expressed "concern" and

## Michael Thompson-Noel And still the killing continues

**L**ast Saturday's Grand National steeplechase at Aintree, in which three horses were killed, was yet another stain on the name of this infamous race, and on that of British racing generally.

Jumps racing, in which the horses have to vault a succession of obstacles – hurdles, which are relatively small, or fences, which are larger – is a sick, indefensible business.

Hundreds of horses are killed or grievously injured each year. Yet the powerful vested interests that keep jumps racing afloat have never been confronted by a concerted, well-informed protest campaign.

To date, their only opponents have been small, ill-funded animal-rights activists. Whether that will change as a result of last Saturday's equine deaths – plus two fatalities the previous day – is hard to say.

But change and protest are in the air, partly because one of the horses killed at Aintree last weekend (not in the National) was the reigning star of UK jumps racing, a much-adored steeplechaser named One Man.

One Man's death was accorded acres of newspaper space last Saturday. Last Monday, far less space was given to the three obscure horses that died in the National. Details were hard to find.

Here is what happened: The first horse killed last Saturday was Pashto, who died at the first of the National's 30 fences. Pashto's trainer, Nicky Henderson, told the Racing Post that he thought this was the first time Pashto had fallen in a race, and that the horse had "always been a fantastic jumper". Henderson conceded that three fatalities in one race were "too many", but claimed Pashto had gone to his death "doing something he loved".

The second horse killed was Do Rightly, at the fourth fence. The trainer's wife told the Racing Post she and her husband had been hounded by tabloid reporters over Do Rightly's death.

"We regret running," she said. "Of course we do, because we have lost a horse that really mattered to us, but... that is what horses are for. The only comfort is that he died doing something he loved."

The third horse killed was Griffin's Bar, at the fifth fence. The death of this horse will haunt all those connected with him, for he had run in a race at Aintree two days before the Grand National – and had fallen at the second fence.

In last Saturday's Sporting Life, Griffin's Bar's trainer gave this assessment of the horse's chances in the National: "He can be a bit clumsy. We had schooled him on Tuesday and he virtually fell over his fences. I am just hoping he comes back [from Aintree] safely."

When horses are killed in jumps races, their owners and trainers invariably claim they were killed doing what they liked most. Martin Pipe, Britain's most successful jumps trainer, said

of One Man's death: "One Man died doing what he loved best."

How many horses are killed or seriously injured on UK jumps tracks each year, doing what they love best? The figure is being suppressed. Last Monday, the Jockey Club, racing's main supervisory body, refused to give me this information, even though it knows what the figure is.

The Jockey Club's reticence sits uneasily with the fact that jumps racing, like ordinary flat racing, is heavily subsidised by public money extracted from punters via a levy on betting. Without this subsidy, neither flat nor jumps racing could survive.

Sight years ago, the Jockey Club was less fastidious about revealing the death toll at UK race tracks. In March 1990 it told me that the number of equine fatalities at UK tracks in 1987 had been 177. In 1988 the toll had been 183, and in 1989, 174. These figures related only to deaths at racetracks. They did not include the euthanasia of horses injured in races, and put down days or weeks later.

Regrettably, neither the RSPCA nor the League Against Cruel Sports has the guts to condemn jumps racing outright. They have expressed "concern" and

The task of confronting the vested interests that conspire to keep jumps racing going is daunting

"sadness" at the latest deaths, but the task of confronting the vested interests that keep jumps racing going is too daunting for them.

These vested interests include owners, trainers, racecourses, sponsors (the Grand National is sponsored by drinks company Martell), bookmakers, the Jockey Club, the Horserace Betting Levy Board and the media, especially the BBC.

For weeks beforehand, the BBC hyped the Grand National to the skies. The race is said to be the showpiece of the BBC's shrinking roster of big-time sports events. As its influence as a sports broadcaster has waned, the BBC has given increased prominence to the Aintree killer race.

As a result, its coverage last Saturday was sordid and disgraceful. Its commentators made no reference to the fatalities during the race, and, by using different camera angles, the BBC obscured the horrors on the track from viewers' eyes. It took the BBC almost an hour to reveal that three horses had been killed. Not surprisingly, the job of breaking the grisly news was left to a relative newcomer to the BBC's racing team, the unfortunate Clare Balding.

Jumps racing is a shocking business. Sad to say, hundreds – perhaps thousands – more horses will be killed before a hand is lifted against it.

## World Cup

## Let them eat cake – and chocolate

David Owen visits the town which houses a pâtisserie school and will host the Iranian football team

**F**rance's Ecole Nationale Supérieure de la Pâtisserie is housed in a twin-towered château in Yssingeaux, an ordinary town in the volcano-studded terrain of the Haute-Loire, in the empty centre of the country. Surprisingly, it is flanked by clumps of sequoias of impressive stature.

It is where Iran's national football team has chosen to take up residence in June for the World Cup finals.

Details like this help to sustain one's faith in the commercial colossus that the world's greatest soccer tournament has become. Any organisation that can allow this to happen clearly has not lost its soul. If it were the Olympics, the Iranians would probably be squirreled away in some concrete "village".

However, the Yssingeais Yssingeais, a local delicacy, and the quest for the perfect croissant had little to do with Iran's choice of the town as its World Cup base.

As Jacques Barrot, the

local mayor who served as labour minister under former prime minister Alain Juppé, explains, what attracted them was Yssingeaux's tranquillity. That and the happy chance they play two of their three scheduled first-round matches about 100km away.

Barrot says that three other teams – Nigeria, Bulgaria and Paraguay – came to see what Yssingeaux had to offer. But the first two opted for bases in northern France, while Paraguay chose Montpellier in the south, where it will begin its programme of matches against Bulgaria on June 12.

After starting its campaign against Yugoslavia just up the road in industrial Saint-Etienne, Iran, the 250-1 outsiders to play the US in one of the most talked-about of all first-round fixtures. They finish, less conveniently, playing Germany in Montpellier.

Nevertheless, this is a much less arduous itinerary than that of, say, England, whose first-round venues

include Marseilles and Lens, at opposite ends of the country.

The Iranian embassy in Paris adds that, since Iran was the last of the 32 teams to qualify, thanks to Khodadad Azizi's late "goal of joy" against Australia, they had less choice of where to lodge than some other teams. They wanted somewhere quiet, it says, because it is 20 years since Iran last qualified for the World Cup finals and the team will have to train harder than its rivals.

While few locals appear to expect the Iranians, four of whom play for European clubs, to leave the vicinity of their château very often, it seems they do not intend to closet themselves entirely from French culture.

"They have asked for French dishes," says Hervé Pouliquen, technical manager of the pâtisserie school, escorting me on a whistle-stop tour of the premises. He says French television channels and Eurosport have also been requested.

The tour reveals the building to be comfortably but

not lavishly appointed, exuding the dedication of the professionals who come to study there as much as the decadence of some of their creations. This is in spite of the presence of a number of elaborate and sugary confections.

**The quest for the perfect croissant had little to do with Iran's choice**

tions, including a chocolate Citroën 2CV. Pouliquen says a display case of tools of the pâtissier's trade, near the entrance, will remain in place during the Iranians' visit.

Modifications will include the installation of longer and wider beds, refrigerators and hair-dryers. Table football games and billiards tables have also been asked for. Pouliquen says a request has been made for female staff

not to cross paths with the players too often. There have been no stipulations as to how these employees should dress.

For the moment, the 6,700 inhabitants of Yssingeaux – described by Barrot as mountain people, "a bit uncultivated, but generous" – appear blithely indifferent to the prospect of having a World Cup football team in their midst.

"People don't think anything," says the bar-tender at the Bar des Sports when questioned on the subject. "But it will bring a lot of people here, won't it?" I persist.

"Iran?" A doubting shrug. "There will be a lot of police."

An old man forking his vegetable garden within sight of the château is marginally more optimistic.

"I'm not against," he says. "It doesn't bother me. I don't think they will make much noise... We will be well guarded. If they want to come, let them come."

Officials such as Roland Lezotte, deputy mayor,

acknowledge that the town, whose own football team lies second in the Auvergne regional league, has yet to be struck by World Cup fever. But he thinks it is early days and believes enthusiasm will grow as the tournament approaches.

Certainly, the schoolchildren crowding Place de la Victoire on a windy Friday evening for a World Cup-related event, seem enthusiastic enough. And the white-jacketed Yssingeaux brass band must be one of the few in France to have learnt how to play the Iranian national anthem.

In his office in the imposing town hall, once a bishop's castle, Barrot acknowledges that hosting Iran might have posed some problems for him a few years ago, but emphasises the change which he says has come to the country since last year's election as president of Mohammad Khatami, a reformist former culture minister.

"We will support them against the US," he says.



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# How to Spend It

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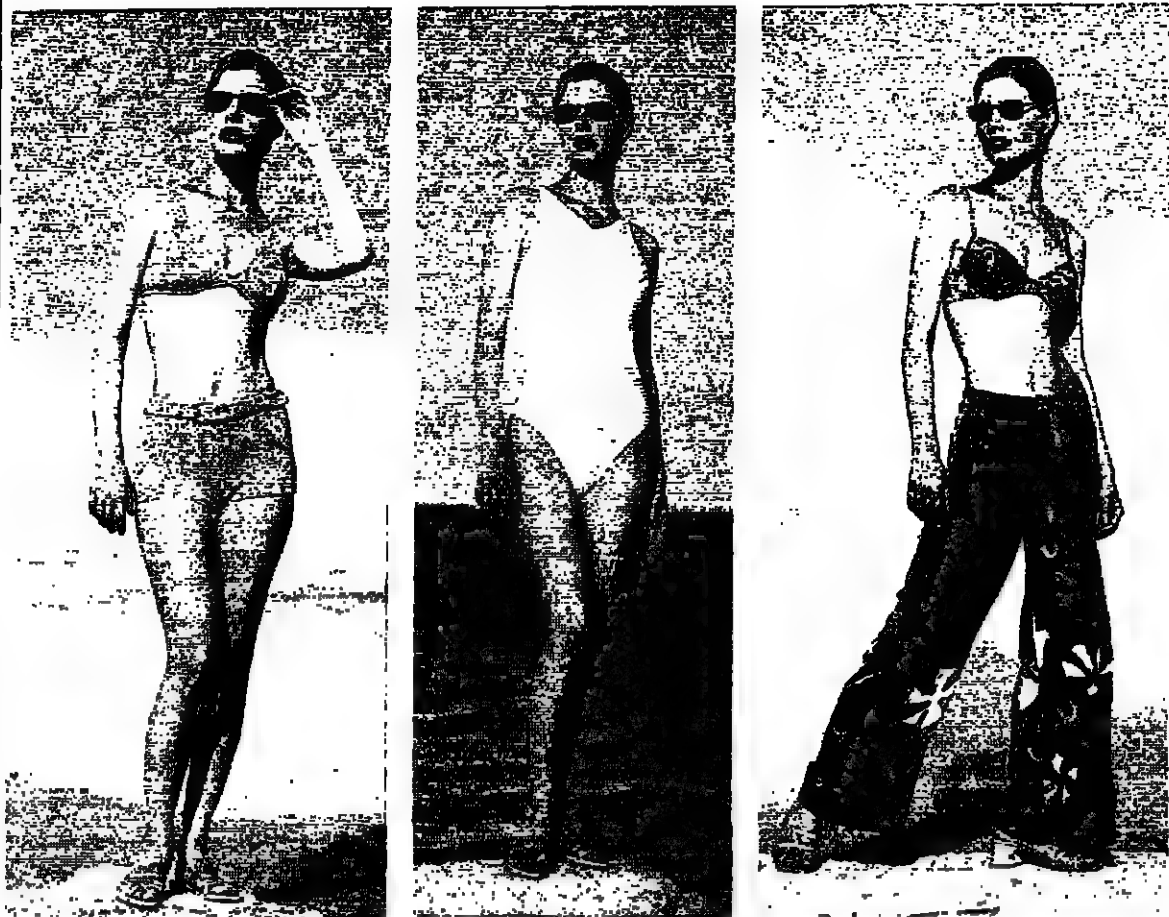
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Fashion

## Still in the swim after all this time

Brenda Polan meets Leah Gottlieb, founder and inspiration of Gottex, Israel's world-class manufacturer of swimsuits

Leah Gottlieb will be 80 in September. She will probably take the day off work to celebrate at home in Tel Aviv surrounded by her children and grandchildren. But a day is all she is likely to spare from her desk at Gottex, the swimwear company she founded nearly half a century ago.

As fashion names go, Gottex is more about reliability than glamour. It is the label that sells fastest in most swimwear departments, even though there are often more of its products than any other label. And that is not because it is the much-photographed hot ticket of the season, but because when you or I have tried on all the designer labels and moved on to the actual swimwear labels, Gottex tends to have the garment that is most flattering and most fun.

Most of those paparazzi shots of Diana, Princess of Wales, in the Mediterranean during her last summer, showed her wearing Gottex. She was a privileged Gottex customer whose swimwear had to be specially made because of her long waist. A few couture swimsuits, says Leah Gottlieb, were a small thing to do for a woman she admired so much.

The respect and affection were mutual. Proudly, Gottlieb shows me a treasure: a note from the princess. It is signed with a kiss and addressed to "a very special lady".

Gottlieb is certainly that. She is sitting with me in the executive dining room of Gottex's smart, airy headquarters and factory building on the Or-Yehuda industrial estate near Ben Gurion airport. She may appear frail but she is just back from a demanding trip to Milan and the Paris fabric fair.

Elegant and gentle, yet tough and resourceful, she would "have succeeded at anything she tried to do," says her elder daughter, Miriam Ruzow. "She is a very talented, strong lady." She had to be. She arrived in Israel from Hungary in 1949 with her husband, Armin, (via Czechoslovakia and Italy). Like nearly all the displaced of postwar Europe, they were penniless.

They moved, with two small daughters, from the immigration camp to the Arab ghetto in Jaffa, south of Tel Aviv. There, at Gottlieb's suggestion, Armin, who had owned a raincoat factory in Budapest, started a small business organising women with mainly antiquated sewing machines to make children's clothes at home. Gottlieb, who had set out to become a chemist before the nationalisation of Hungary excluded Jews from the universities, sewed too.

In the beginning, they could only afford one needle

at a time for her sewing machine. If one was broken, Gottlieb could not work until Armin, travelling to Tel Aviv to buy fabric and sell the clothing, bought another. But they survived and later, when he could get the right rubberised fabric, Armin moved his team of home workers on to what he knew best - raincoats.

The business went well enough until 1956. "Then two things happened," says Gottlieb. "First there was Suez and the Sinai war; people don't generally go shopping for clothes when there is a war. And then there was no rain. By mid-October, we were looking at the clear blue skies and knowing that, if there was no rain by November, the season was kaput. And so we were."

She realised then that if a raincoat manufacturer's lot in the sunny Middle East was not a happy one, perhaps a maker of swimsuits could make a better go of it. And such a business could, serendipitously, employ the same suppliers of rubberised fabric. Thus was born the label that would come to dominate international swimwear markets, exporting to more countries than Coca-Cola and selling close to a million and a half garments a year.

Gottex owes part of its success to Leah Gottlieb's sense of style, her understanding of the principles of corsetry (she did a short course between her English classes, when the family was stuck in Karlovy Vary in Czechoslovakia on the way to Palestine) which ensure good fit and subtle flattery, and her passion for painters who could make colour sing: Gauguin, Matisse, Cézanne and Chagall.

It was this last factor that impelled her to seek out European printers and, working with their designers, to create the strikingly beautiful prints for which Gottex became known.

But what really made the label world-class was a leap of the imagination. "My mother's stroke of genius," says Judith Gottfried, Gottlieb's younger daughter, "was to co-ordinate the bathing suit with a cover-up. It was an insight which perhaps only a woman could have had."

"It was very simple," says her mother. "It was not pleasant for me that when we showed the collection to the buyers, many of whom were men, the model wore only a bikini. It was not modest. And the girls would sometimes seem uncomfortable, too."

"So I made cover-ups for them," says Chaim Barkan, marketing vice-president of Africa Israel Investments, the conglomerate which acquired an 80 per cent stake in Gottex last November. "There were financial problems because of the



And so the beach wardrobe, until then exclusively within the province of the courtesan, came to the upper-middle market. It was an inspirational stroke which helped turn Gottex into the brand leader it remains today. It also gave full scope for Leah Gottlieb's talent for print design.

Nowadays, the "cover-up" encompasses a wide variety of matching garments that can be worn during lunch at the poolside café. There are

gossamer tunics, flaring halter-neck dresses, easy, semi-transparent palazzo pants, chiffon and devoré shirts and fluttery wrap-around skirts and sarongs.

In 1985, Armin Gottlieb, the financial brain of the company, died. Although both his daughters were working in the business - Miriam running the New York office and Judith heading the Tel Aviv design studio - they and Leah decided to employ a manager.

"It was a difficult time for them," says Chaim Barkan, marketing vice-president of Africa Israel Investments, the conglomerate which acquired an 80 per cent stake in Gottex last November. "There were financial problems because of the

move to the new factory in 1984 and, because the company is essentially a family business, they could not help interfering with the work of the new management. And if you are the manager, you cannot be the dog. It was chaotic."

Africa Israel Investments, founded in 1984 by a group of South African businessmen to acquire and develop land for Jewish settlements, paid \$7.1m (£4.3m) and agreed to take on Gottex's debts of \$25m. Africa Israel may just have got the bargain of the century.

The company's core businesses are property (top-end residential, shopping malls and business parks), construction, manufacture of construction materials and hotels. It owns the Holiday Inn franchise for Israel and is building more hotels.

Last year, control of Africa Israel passed from Bank Leumi to one man, the ultra-orthodox Lev Leviev. Born in Russia, he emigrated to Israel 15 years ago and has a personal fortune based on his purchase of a diamond field or two in his homeland.

Leviev indulged in a substantial bout of restructuring, spinning off the group's insurance holdings. He has further shaken up Africa Israel in an effort to maximise its profit potential. At the end of his first year in charge, he reported an increase in revenue but a drop in net income of about 16 per cent.

Leviev sees Gottex as a profit centre. "Israel," says Chaim Barkan, "has produced only two international brands: Jaffa oranges and Gottex swimwear. So Gottex is, for us, a business opportunity. It is a highly

Clockwise, from top left:

□ Aqua-blue Field bikini with boy-leg briefs, £124. Clear perspex sandals with (diamond) toe ring, £77, by Gottex. Bath, black-framed sunglasses, £194, by Calvin Klein Eyewear from Sightsource, 46 Oxford Street, London W1. Stockist inquiries: 0800-722 020.

□ White Hera high V-neck front and back, ribbed swimsuit with Lycra, £110. Sandals and sunglasses as before.

□ Olive-turquoise Fiji underwired bikini top (part of set), £90, and Bali palazzo pants, £170. Gold rose toe-ring leather sandals, £79.99, by Beverly Feldman from Fussell & Bromley, 24-25 New Bond Street, London

W1. Stockist inquiries: 0171-829 6803. Sunglasses as before.

□ White Polyanne swimsuit with sheer high neckline and poppy print, £125. Sunglasses as before.

□ Black bandeau swimsuit with leopard print inserts and detachable straps, £80.

All swimwear by Gottex available from Harrods, Selfridges, Fenwick and major branches of House of Fraser. Regional stockist inquiries: 0171-884 2427.

Photographer: Iddo Lavie  
Stylist: Linda Learning  
Make-up: Netasha Danon. Hair: Raffi Hovev

respected name, which we will license all over the world. We have already appointed master licensees, one for North America and one for Europe and Asia.

"We will focus on products which are a natural development of Gottex's strengths, products which are very close to the body or very close to the beach: lingerie, bodywear, active wear, beach towels, sun cream, beach bags, nightwear. Afterwards, we will go further. But our plan is that, in about four or five years' time, the income from the licences will be about \$10m.

"We have a brand which has been built over more than 40 years, during which more than \$100m has been spent on advertising. It is in all the great stores of the world. It is in 98 countries. It is recognised for quality and for imagination. Of course, it is not Donna Karan or Ralph Lauren. It is a brand that stands alone. It does have a designer, Leah Gottlieb, but it is a look, not a single designer. And the licensees will come here, be briefed on themes, on colours and will assimilate the handwriting, the fingerprint. There will be no undermining of the look."

The look is, of course, important. To pin it down, you could say it is fashionable but with an element of sylvan joy in the sun and in the body which most fashion designers, concerned with making their swimwear consistent with their dresses, their weekend casual wear and their sharp suits, do not begin to understand - except, perhaps, Hervé Léger in matters of structure and Emmanuel Ungaro in the field of print.

More important, however, is attitude, summed up in Leah Gottlieb's insistence on originality - manifested in those prints which are both beautiful and witty, as in the Tutankhamen collection or the all-time best seller (and Princess Diana's favourite), the littoral leopard - and on being easy to wear. For until we come to love our cellulite, our bony bits, our wobbly bits and our stretch marks (and who actually wants to be that grown-up?), we will all be lighting candles to the woman who thought of the cover-up.

If Gottex's licensees can

keep that level of innovation and sheer sisterliness in their sights, Africa Israel might just be on to a winner. But they have to start with the unconventional approach of the woman who, driven through half a century by the need to make her daughters safe, was forced by circumstance into the "schmutter" business and found she could excel there.

Urged to slow down as 80

approaches, she smiles ruefully and says: "Work is the gymnastics for the head. And, anyway, I am Virgo. The responsibility, the perfectionism, it is something I have suffered from all my life."

"Perhaps, with less work, it is possible to achieve the same. But this work is the difference between the Gottex standard and other people's. That is my feeling."

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# How to Spend It

## Clearing out a better class of attic

The ultimate country house sale will bring in more than £3m, forecasts Antony Thorncroft

**A**n air of desolation hangs over Hackwood Park near Basingstoke, southern England. Once the home of Lord Camrose, it is now a property up for disposal and dispersal. In the grand salon, family portraits gaze out on silence; in the bedrooms, diaries for 1981 lie blank and unfilled; in the basement, photographs of Eton schoolboys and Oxford sportsmen await an uncertain fate.

Outside the 18th century mansion the only movement is of deer browsing their way over the acres. Hackwood, once the hunting seat of the Dukes of Bolton, more recently the country estate of the boy from Merthyr Tydfil who made it big in the print, awaits a new owner with some trepidation.

But on April 20, the months of somnolence will come to a clattering close as Christie's throws itself into disposing of Hackwood's

**No serious dealer can afford to miss out on this much-needed fresh stock**

contents. Over three days, in a marquee on the lawn outside the south front, almost 1,700 lots, from Turner watercolours to tumble driers, will come under the hammer.

The household possessions of the late Lord Camrose, the second viscount who died in 1995 and his wife, Joan (whose previous husbands included a Guinness and an Aga Khan), who died last year, will be scattered to the winds. Their heirs, 50 nephews, great-nephews, nieces and great-nieces, will become at least £2m richer as a result.

It will be a frenzied three days. Everyone loves a country house sale.

The dealers from Britain and abroad will be out in force, hoping that Christie's specialists, as they catalogue the contents, will have overlooked a battered treasure, long relegated to an attic or a cellar.

It has happened before. In the first big country house sale of modern times, at Lord Rosebery's Menmore Towers in 1977, and which brought in £6.8m, Sotheby's slipped up on a painting by Fragonard, attributing it to Van Loos.

The dealer David Carrivick correctly identified the work, selling it to the National Gallery at a substantial profit. In the same sale, an impor-

tant Louis XV orrery clock was unappreciated, selling for around £50,000. Christie's later disposed of it for £650,000.

In addition, house sales unleash on to an under-supplied antiques market fresh stock. No serious dealer, especially a furniture dealer, can afford to miss out on this much-needed replenishment for their shops.

They know the Dukes of Bolton will have ordered the best and that, over centuries, desirable chests of drawers and chairs might have been moved from dining rooms to bedrooms, from libraries to servants' quarters.

They hope their eye is sharper than that of Christie's experts.

Jostling with the dealers will be local people anxious to acquire a memento from the Great House. Unfortunately, Lord Camrose did not mix socially with his many near-neighbours in Basingstoke, the little-loved town just across the motorway which encroached on his acres. Even so, the very fact that Hackwood was not open to the public will increase its curiosity value.

Then there will be many professional country house groups well aware that, in a sale of this length, the attention of auctioneer and audience will occasionally lapse, allowing a bargain to be secured.

What makes Hackwood interesting is that not only could it raise the highest total from a country house auction since Christie's made £5.1m from scattering the contents of the Guinness house at Elveden Hall to the world in 1994, but also the history of the house and its owners. Dealers are excited at the prospect of picking over the possessions of not one but two very rich clans – the Boltons and the Berries, the family name of Lord Camrose.

The Powlett family were marquesses of Winchester before acquiring the dukedom of Bolton in 1689. Hackwood was built for them around 1780 by John Vardy as a grand hunting lodge and was extended and improved by Lewis Wyatt in 1813.

By then the dukedom had died out but an illegitimate line was given the Bolton title. The family lived in Yorkshire and rented out Hackwood – to Lord Curzon among others – until it was bought in 1985 by William Berry, the Welsh newspaper proprietor who, in 1992, became Lord Camrose and at various times owned The Sunday Times, The Daily Telegraph, and until 1945, the Financial Times.

Lord Camrose acquired



The basement at Hackwood Park with various textiles, furniture and works of art on display



Greening Hall in Penrith, Cumbria, whose contents were auctioned off in 1994

much of the furniture with the house and since the Boltons had rarely lived there, inherited virtually intact the original 1760s contents, including much furniture designed by Vardy, plus Wyatt's additions of 1813.

Very unusually, the Victorian age completely passed Hackwood by. Buyers this month can choose between mid-18th century Georgian furniture, which is always popular, or Regency, which has become just as desirable.

Lord Camrose was a collector in his own right and added some important pieces to Hackwood, most notably paintings, including one of Van Dyck's finest full-length portraits, of Abbe Scaglia. The auction contains small works by Turner and Landseer, but the top price is likely to be paid for a Regency brass-inlaid rosewood library desk supplied, along with much else, by Gillows in 1813.

Like much of the furniture at Hackwood, it has remained in the same place in the entrance hall ever since. It carries a top estimate of £150,000. Two giltwood mirrors, attributed to Vardy, should make up to £50,000 and £100,000 respectively, while one of the earliest views of China by a professional artist, William Daniell's depiction of "Shipping at Whampoa", could reach £100,000.

But the attraction of a country house sale is not the grand furniture and paintings but family curiosities, the peculiar tastes of the owners over generations. Hackwood is a narrow house, just two rooms in depth and rather plain and simple.

But the first Lord Camrose added those two essentials for 20th century weekend living, a swimming pool (where the bathroom had been), and a cinema.

The cinema seats, bought from Harrods in the 1950s, will be fought over and sets of four should far exceed

their £1,500 top estimate. Peers attending coronations are allowed to keep the seats they sat on during the ceremony and two from King George VI's coronation in 1937 and two from the Queen's in 1953 should go way over their £200 high estimate.

The carpets and rugs are good. Lord Camrose's selling mantras should do well: the complete furniture of a servants' bedroom, estimated at under £1,000, will attract keen bidding; the ebouissé blackamoors stools, the stylish garden furniture, the Irish glass, will also soar far above target.

Probably the most ridiculous prices will be paid for

**A Regency rosewood library desk carries a top estimate of £150,000**

the hot-water rails and laundry baskets, the butler's trays and the croquet sets.

The Berry heirs can expect a substantial appreciation on Christie's modest £3m forecast. There is also every likelihood that the main part of their inheritance, the house and its surrounding 2,400 acres, will soon be sold at around the guide price of £15m. The future of the best art, most notably the Van Dyck on loan to the National Gallery, is more doubtful.

The hope is that it will go permanently to the gallery, perhaps through the acceptance-in-fee scheme, which would save the family tax and the gallery the expense of buying what is probably a £10m picture. The other major painting, a Gainsborough landscape, could by similar means go to the Tate Gallery.

Country house sales have a long history – the disper-

help preserve Castle Howard and its contents. In the event, £2m came in.

A year later, the Duke of Westminster brought in a quick and easy £200,000 from clearing the attics at Eaton Hall. Word got around in aristocratic circles that, rather than sell the Rembrandt or the Chippendale chairs, just as much money could be raised more painlessly by holding grand "boot" sales.

In May, at Sir Francis Dashwood's seat at West Wycombe, he and seven other lordly owners will contribute items to an auction likely to raise £2m.

The next development looks set to be house sales abroad. Sotheby's has already conducted two vast auctions in Germany, selling off the princely heritage of the Thurn and Taxis and Baden-Aden families, while Christie's disposed of the contents of the Palazzo della Stufa in Florence. One attraction of foreign house sales is that the auction houses might also be able to handle the land as well. In the UK neither saleroom has moved into the property business – margins are low and the big estate agents tend to be their allies.

Instead, the auction houses are selling a family background as well as mere antiques. This has led to a variation of the house sale – its recreation in the London auction rooms. In January, Sotheby's did well by selling off the weird taste of the Rogers brothers by creating room settings of their exotic furnishings and clothes in Bond Street. Holding the

sal of the contents of great 18th century houses such as Stowe, which took Christie's 40 days in 1848, will never be matched – but they have become very popular again in recent years. The auction houses involved, notably Sotheby's and Christie's for the important properties with Phillips handling the smaller houses, strike a deal with the owners in which their reward grows if the agreed likely total is exceeded.

This is invariably the case since a country house auction creates an undeniable buzz. Perhaps it is the opulent atmosphere, perhaps the frisson from seeing a rich family's property dispersed, perhaps the excitement of acquiring a piece of a great and historic house for a modest sum – although the furnishings from such an auction invariably make more than they would in Bond Street or St James's.

Usually a major sale follows a death and the executors' anxiety to cash in the estate quickly. But in recent years the landed gentry have been more clever at arranging their affairs and there has been less need for sad, sudden house sales.

Sotheby's, in particular, has stimulated the market by creating a new breed of sale, the "attic" auction, whereby the owners of some very grand houses raise appreciable sums from disposing of the unused, unseen objects that have accumulated over the centuries in the far corners of their mansions.

In 1991, James Miller, Sotheby's specialist in this area, was visiting Castle Howard in North Yorkshire and wondered out loud what had happened to the furnishings cluttering up the house. The result was the first dispersal of surplus stock from a stately home.



A George III giltwood pier glass attributed to John Vardy



Hackwood's cinema with seats from Harrods

remote house near Ulapool on the west coast of Scotland would have been impossible. The roll-call of houses that have been broken up under the auctioneer's hammer would make a connoisseur weep. Sotheby's, from a list of more than 100, has sold the contents of Stobo Castle, owned by the Countess of Dysart; the Astor home at Haver; Littlecote for Peter de Savary; Tynningham for the Earl of Haddington; Stephen Tennant's house at Wilford;

**Bargains may be hard to find, but few can criticise the glory of the location**

and Stokesay. Christie's has handled Swinton House for the Earl of Swinton; Godmersham Park; Reddish House, the home of Cecil Beaton; North Myms Park, and at least 100 more.

Sometimes country house sales are not what they seem. The most precious objects have been withdrawn to fill out Old Master or fine furniture auctions in London. The best pictures that Lord Camrose bought for Hackwood Park, apart from the Van Dyck and Gainsborough, have already been sold in King Street, a pair of Venetian views by Carlevaris making £1.65m, and "St Jerome in his study" by Joos van Cleve, for £210,500. James Miller of Sotheby's

likes to keep the big lots in the country, but even he was forced to move the grandest contents of Luton Hoo to Bond Street in 1996 in a sale that made over £4.5m. But big money can change hands in the tent on the lawn: Christie's sold a George II bookcase at Myles Place in Salisbury for £221,500 and a painting of "Venus appearing before Aeneas" by Sir Nathaniel Dance for £243,500 at Mere Hall in Cheshire in 1994.

These prices are comparable to what would have been paid in the auction room but many objects which sell well in a country sale would never have been given house room in central London. For example, at the Reddish House auction, the rose that Greta Garbo gave to Cecil Beaton made £750, while at West Dean three 30ft high carved wood palm trees, created for the Surrealist Edward James, sold for £3,500.

At Fingask Castle in Perthshire, a scold's bridle sold for £750 and the silver dog-collar once proudly worn by Bonnie Prince Charlie's greyhound fetched £750.

Hackwood Park cannot match these curiosities. But the thousands who nip down the motorway can look forward to some entertaining bargain-hunting in a splendid setting. The bargains might be hard to find, but few can criticise the rustic glory of the location. The real winners at Hackwood will be Christie's and the Berry heirs, well aware that a country house sale has again worked its magic on the bidders' cheque books.

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## FOOD AND DRINK

1997 Bordeaux

## Charm – but at what price?

Jancis Robinson is less than impressed with this lightish vintage – if the prices remain inflated

The trouble with you," wine merchant Bill Blatch was told last year by one of his most powerful competitors in the Bordeaux trade, "is that you taste too much."

This complaint says much about how the merchants, currently clustered round the honey-pot that is the sale of the world's most famous wines, are only one-tenth as interested in the product as their customers. The route to financial success on the Bordeaux recently has been ruthlessness and hype.

Faced with the new 1997 vintage to sell, however, the Bordeaux trade is facing one of its periodic crises of conscience, as the wines, unlike the two preceding vintages, are neither great nor an investor's dream.

It must be severely tempting to continue to hike up prices. Stocks are extremely low. Frost, disease and (much-needed) strict selection have reduced the amount of top 1997 wines available. The high quality of the 1995 and 1996 vintages attracted a new generation of buyers all over the world who might possibly be persuaded in the short term that the charm of the best 1997s is worth paying an arm and a leg for.

The problem is that last year the chateau owners asked for a relatively modest price increase, only to see the merchants through whom their wines are offered take advantage, in some cases excessive advantage, of a market heated by America's

booming economy and the emergence of demand in Asia. Even the most faithful customers found themselves haughtily allocated a fraction of their usual allocation.

This year, the proprietors are loath to see the trade make so much more money than them. Furthermore, they know how damaging it could be for the reputation of Bordeaux to sell what is a lightish, early-drinking, rather playful vintage at prices which suggest a serious long-term future for the investor. There is even fighting talk among the close-knit first growths of instituting some sort of controls on the eventual selling price of their wines.

A first taste of the 1997s was offered to the world's trade and press over the last two or three weeks. The standard speech about likely prices from those who own or run the châteaux (most of which bear elegant witness to the profits generated by modern vintages) is that prices should come down, by 10 or 15 per cent – but that, unfortunately, as the only ones wise enough to acknowledge this, they will reluctantly be forced to

ask for a modest increase just to maintain their place in Bordeaux society. In short, the usual line.

After tasting 160 of the most important Bordeaux 1997s, I find it difficult to see why anyone should rush to buy them if they are offered at the same sort of inflated prices as the 1996s. The worst are blighted either by green, unripe flavours because the grapes were picked too early, or by severe tannins that far outweigh their meagre charge of fruit because their makers were panicked into treating this light vintage as though it were a heavy one. Few of the wines are too acid.

The best of them tend to be true expressions of the vintage that are flirtatious and charming and designed to be drunk while we wait for the more serious 1998s and 1999s to mature. But demand is unlikely to be such that they will cost so much more in a year or two.

All are agreed that 1997 was the most difficult growing season in modern history, with a precocious but horribly extended flowering that resulted in uneven ripeness, not just on a single vine but in a single bunch.

The summer was humid and both excessive foliage and rot posed problems. Some of the whites were picked earlier than in any year since 1893, resulting in some highly misleading media coverage.

But an unusually warm, dry September – in theory, just what

There is even fighting talk among the first growths of instituting controls

was needed – resulted in furrowed brows all over the region. The red grapes virtually refused to ripen. Acids dropped a little but sugars in the stubborn old Cabernets just sat there.

With so many decisions and interventions to be made it was, as Jean-Hubert Delon of Chateau La Mission Haut-Brion (who compares it to 1979) put it, "un millésime de l'homme". But the trouble with putting man in charge is that

now he can do so much to manipulate Nature, he tends to do too much – as witness all those over-extracted wines. The Delons' way of putting concentration into their wines took place in the vineyard, where all of the least ripe grapes were snipped off at the end of August.

Techniques in the winery varied enormously. At Mouton-Rothschild, a specially extended post-fermentation maceration of five weeks was encouraged by heating. Neighbours Lafite claim to have avoided harsh green flavours by deliberately reducing maceration time from the usual 21 to 17 days.

Across the road, the Prats at Cos tried to imbue concentration in the vineyard by harsher pruning than usual (which still resulted in yields of around 50hl/ha, as compared with closer to 45hl/ha at Léoville-Las-Cases) before subjecting the must to the full might of their reverse osmosis equipment – to be joined by some vacuum extraction gear next year. (By 1999, the Prats may be able to make their wine disappear altogether.)

I tasted only one sample of each of these infant wines, most

of which had been taken from a single cask chosen by the producer, so these judgments are provisional. In general, however, St Julien seemed the most uniformly successful appellation, with the stars being Léoville-Las-Cases, Léoville-Barton, Grand-Larose, Langoa-Barton and Beycheville. I did not taste Ducru Beauville.

Among the Médoc first growths, the vintage suited Lafite and Margaux particularly well (and Ch Margaux's second wine Pavillon Rouge was already looking lovely).

Although Ormes de Pez charmed, Cos was undoubtedly the most distinctive wine of St Estèphe, with a suppleness that belied its heavily wrought origins.

In Pauillac, a clutch of ultra-modern wines, such as both Fichons and Pontet-Canet clamoured for attention, while many of those made in the commune of Margaux were either too mean or too overworked to please. The Palmer seemed a fitting memorial to the late Peter Sichel, however.

In the less glamorous reaches of the Médoc, bargains are likely

to include La Tour Carnet, Citran and Cantemerle.

In Graves and Pessac-Léognan, the dry whites generally lacked a bit of oomph (although Laville Haut Brion and Haut Brion Blanc were, as usual, exceptions) and many reds were spindly. Fieuzal, Malartic-Lagravière, Les Carmes-Haut-Brion, Smith Haut-Lafitte and, especially, Pape Clément made better wines than most.

On the right bank, where I tasted much less comprehensively, both Cheval Blanc and Ausone were extremely impressive – in completely different ways, the latter being much more sharply defined and defiantly modern. Other St Emillions which seemed to have incorporated the character of the vintage without a struggle included Clos Fourtet and Canon La Gaffelière. In a generally more impressive line-up of Pomerols, Cline and La Consellante were particularly refreshing. I tasted neither Pétrus nor Le Pin.

It is possible that the reds will put on flesh in cask. But for the moment, unless they come down in price by more than 10 per cent, I shall be buying Sauternes, an underpriced region blessed with another successful vintage. Blanesac, Suduiraut, Lafaurie-Peyraguey and Sigalas-Rabaud all looked deliciously promising. Producers of these unique sweet whites, who have to work so much harder every year than their counterparts in the Médoc, really do deserve more of our money.

## Fast-breaking morning glories

George Dorgan adds some adventure and spice to breakfast

Our relationship with "the most important meal of the day" is more than a trifle paradoxical. We accept that it is important, yet tend not to think much about it. At the same time, we have fairly set ideas of what breakfast should be.

Even those of us who are adventurous in our tastes tend not to stray too far from our notions of a traditional breakfast. This comes home to us most forcibly when travelling and faced with a "foreign" breakfast. We might find it interesting at first, but after a few days we are longing for our usual dishes.

Which is why most of London's five-star hotel dining rooms are offering Japanese breakfasts. Just like the national traditional English variety, the Japanese breakfasts do not vary much and the one at the Savoy is typical: miso soup, steamed rice, teriyaki salmon, a Japanese egg omelette, deep-fried fish with marinated vegetables, dried seaweed, pickles and green tea. Claridge's is similar, and so is that at the Berkeley. The Dorchester adds bruised spinach to the list and the Montcalm's comes with an "agitated"

- Information**
- The Union Café, 86 Marylebone Lane W1 Tel: 0171-486 4860
  - The Hempel, 31-35 Craven Hill Gardens W2 Tel: 0171-286 8000
  - Havana, 400 Fulham Road SW6 Tel: 0171-384 8008
  - Cactus Blue, 66 Fulham Road SW7 Tel: 0171-623 7888
  - One Lawn Terrace, Blackheath SE3 Tel: 0181-355 1190
  - Veeraswamy, 101 Regent Street W1 Tel: 0171-786 1412
  - Chutney Mary, 335 King's Road SW10 Tel: 0171-351 5153
  - The Montcalm, 34 Great Cumberland Place W1 Tel: 0171-402 4228

egg – coddled in its shell and meant to be broken over hot rice.

Asia features on the Hempel's breakfast menu, served in their restaurant, L'ital – with Thai (stir-fried rice, prawns and shrimps), Chinese (congee rice soup with minced pork and ginger), and Parsi Indian (akoori – spicy scrambled eggs with coriander and onion bread) specialties.

Some traditional English breakfast options are far more outrageous and topping this list has to be Simpson's-in-the-Strand's offering of pig's snout in onion gravy. Actually, the serving is three nostrils, making 1½ snouts by my counting. Then we have the 10 Deadly Sins, including kidneys, liver, black pudding, fried egg with bubble and squeak as well as more conventional

bacon, fried bread, mushrooms, tomato and beans. They also do kedgeree and London's best kipper.

Ches Gerard at Bishopsgate offers a Petit Dejeuner Carnivore with either grilled sirloin, devilled lamb kidneys, sautéed potatoes and mushrooms or calf's liver, black pudding, grilled bacon and roasted apples with mustard. In addition to the Japanese breakfast, Claridge's also offers 10 different sausages, including Cork (egg and herbs), Oxfordshire (herbs and lemon zest), Gloucester (spices and herbs with a strong character of sage) and Regency (bramley apple and leeks).

And at the Union Café, weekday breakfast and Saturday brunch ingredients are all organic (dawn and sausages from Heal Farm, Martin Pitt eggs) and always includes waffles or pancakes, as well as fresh fruit, fresh-squeezed juices, fruit smoothies as well as champagne and Bucks Fizz. All of which brings us

around to breakfast's more glamorous relation, brunch, which comes at a more civilised hour (never before 11:30) and gives you a sociable reason for getting out of bed on a Sunday.

Brunch purists maintain that the meal should consist only of luxury foods such as smoked salmon with bagels or perhaps scrambled eggs; eggs Benedict and maybe some pancakes or waffles, along with fruit or nut muffins and a Bucks Fizz or Bloody Mary to wash it down. But I feel that as it is meant to straddle two meal occasions, there is every reason to offer some lunch-like items as well.

Mark Dorber, who runs the White Horse on Parson's Green, sees brunch's increasing popularity as an unbuttoning of social mores. "We're embracing Sunday in a less guilt-ridden way than in the past," he says. "People really relish the chance to come out, read the papers and relax with friends."

Dorber believes ideal brunch foods fall into three categories: comfort, protein and spice. To this end, the White Horse offers eggs in a Benedict style, fish, steaks and sausages, and burritos as well as Bloody Marys made with chilli-marinated vodka. There are also 57 different bottled beers and an enormous wine list. One Lawn Terrace has just opened in the new stockbro-



Comforting congees from 'New Great Dishes of the World' by Robert Carrier, Boudrea, 225

ker belt of Blackheath in a converted print workshop, and put Sunday brunch on straight away (with a dedicated child-minding area). True to brunch form, you

can have breakfast, lunch or a bit of both: eggs Benedict or Florentine, kedgeree, bagels with smoked salmon; as well as more lunch-like calves liver with polenta and

red onion marmalade or blue fin tuna with Chinese spices and Singapore noodles. The Canteen in Chelsea Harbour does Sunday brunch and it has also got

the form right: smoked salmon, eggs Benedict, saffron risotto, smoked haddock and poached egg, mixed grill, sole tempura and pommes Pot Neuf (upmarket fish and chips), a roast and really reviving desserts like crêpes Suzette soufflé, filled with wonderful citrus soufflé in a puddle of tangy citrus sauce. A glass of French fizz is included.

Dorber is not alone in finding spicy foods appropriate to Sunday brunch, as Chutney Mary and Veeraswamy (both owned by Namita Panjabi) have a jazz brunch. At Chutney Mary, you can start with akoori (spicy scrambled eggs) or poria, as well as chicken samosas or Alastair Little's spicy, soupy lentils with pasta. Then move on to Goan fish curry, lamb biryani or tandoori chicken.

At the relaxed and vibrant Veeraswamy, starters include spicy cod and salmon fish cake with ginger, and a refreshing bit of street food in crispy potatoes in spices with minted pea cakes, then on to rogan josh made with lamb shanks, poussin roasted with robust south Indian spices and tandoori brochette of monkfish and salmon.

There are also brunches with a Latin American accent such as the one at Havana, with poached eggs in chorizo cream sauce, Cuban smoked meats with pisco de gallo spicy sauce, baked banana parcels with orange and vanilla salsa and coffee with Cuban rum and cigars to finish.

Cactus Blue serves up more spice with huevos rancheros (fried eggs with salsa on corn tortillas), quesadillas filled with chorizo, guacamole, guacamole, or grilled chicken with chipotle chilli sauce.

**Rich, stylish, full of taste: the South of France in a (glass) nutshell.**

Ah, the South of France. Fabulous scenery. Fabulous people. The swank and bustle of the world's most famous rivers, and away from it, some of the oldest vineyards in the country. Among them, James Herrick has created a Chardonnay that does full justice to its unique environment. Mediterranean sunshine in a bottle. A beguiling, citrus freshness broadening into a rich and mellow balance of tropical fruit and spice. Suddenly you can see yourself in Aix or Cannes. All you need are glasses.

**James Herrick CHARDONNAY 1996**

**James Herrick CHARDONNAY**

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## Your table is reserved

Nicholas Lander on restaurants he believes are doing the business

After a quiet start, 1998 will see as many new London restaurants opening as in the past two frenetic years, but because of restaurateurs' optimism, building problems or stricter environmental health requirements, delays are endemic.

Marco Pierre White's reinterpretation of The Mirabelle, Mayfair, and Conran Restaurants' latest – at No 1 Poultry in the City and Savoy, Saville Row in the West End – are not due to open until June/July.

The recent opening of Pasha, Teatro, Mash, the second Livebait and Spiga, inevitably on a large scale to include a bar, may explain why several restaurateurs describe business as flat.

The following selections will, I hope, allow you to get the reservation you want but remember, if you want a table anywhere good between 8pm and 9pm Thursday to Saturday, book well in advance.

To impress visually: Even after 20 years in the London view from The Oxo Tower (0171-603 3888) still knocks me out, so any rendezvous here, for lunch, an evening drink or dinner is a treat. Along the river at Butler's Wharf there is Le Pont de la Tour (0171-403 8403), the Chop House (0171-403 3403), Cantina del Ponte (0171-403 5403) and the Blue Print Café (0171-578 7031).

Moving up river, there is The People's Palace (0171-928 9999) in the Royal Festival Hall, a long hop upstream is The Canteen in Chelsea Harbour, SW10 (0171-351 7330) and, right by the start point

of the Varsity Boat Race, is Putney Bridge, SE15 (0181-780 1811).

To impress gastronomically: the obvious names are Michel Roux Jr's cooking at Le Gavroche, W1 (0171-408 0881), Pierre Koffmann at La Tante Claire, SW3 (0171-352 6045) and Marco Pierre White at the Oak Room, Le Meridien, Piccadilly, W1 (0171-437 0202). Just as exciting is Philip Britten at The Capital, SW3 (0171-588 5171); Gordon Ramsay at Aubergine, SW10 (0171-352 3449); Philip Howard at The Square, W1 (0171-496 7100); the Japanese-led brigade at Nobu in the Metropolitan Hotel (0171-447 4747) and diagonally across Hyde Park Corner, the French/Thai brigade at Vong in the Berkeley Hotel (0171-586 1010).

The best of Britain: I am uneasy with the term "British food", which I feel is too narrow. What sparks the excitement being generated by so many UK restaurants is the combination of the best British produce, cooked by talented British chefs in restaurants created by British designers.

The following have at least two of these factors in common: among the most formative British chefs are Alastair Little, SW1 (0171-734 5183) and at Lancaster Road, W11 (0171-243 2220); Rowley Leigh at Kensington Place, W8 (0171-727 3184); and Sally Clarke at Clarke's, W8

(0171-221 9225). Justin de Blank puts his many years of culinary experience on show at 130 Marylebone Lane, W1 (0171-486 5250), while Stephen Bull's restaurants are at EC1 (0171-408 1750), WC2 (0171-379 7811) and W1 (0171-486 9386).

They have been joined by Gary Rhodes, who, having established City Rhodes, EC1 (0171-583 1313), will be opening his second restaurant in Dolphin Square, SW1, at the end of May. Frenchman Charles Fontaine runs the quintessentially English Quality Chop House, EC1 (0171-357 5093) while his compatriot, Christian Deltell, heads the kitchens at Bank, WC2 (0171-379 9797).

British management is exemplified at The Ivy, WC2 (0171-838 4761) and Le Caprice, W1 (0171-629 2239), the team that will reopen Sheeky's in the autumn.

To enjoy the combination of British management and overseas chefs, visit Livebait, SE1 (0171-828 7211) and WC2 (0171-636 7161); Chez Bruce, SW17 (0181-672 0144); Gaudi, EC1 (0171-603 3220) for Spanish food; Mezzo, W1 (0171-514 4000); and Bluebird, SW3 (0171-559 1000) for "fusion cooking".

Alternatively, Moro EC1 (0171-633 8336) unites young British chefs and culinary influences from southern

Spain and the Maghreb. Lunch and a day out London restaurants, like those of all big cities, rely on commuters, shoppers and tourists, but for those heading out of the capital here are some destinations.

By train from Paddington to Maidenhead and then taxi to either The Fat Duck (01628-580333) or The Waterside Inn (01628-620691) at Bray; on to Goring for the Leather Bottle (01491-872667) or the Beetle & Wedge at Moulsham (01491-651381); and finally into Oxford for Le Petit Blanc (01865-510899).

The original Hotel du Vin & Bistro in Winchester, Hampshire (01962-841414), has a sister establishment in Tunbridge Wells, Kent (01892-626455), a county that also boasts Read's in Faversham (01795-535344) and the Wife of Bath, Wye (01233-815640).

The wine list first, please: the best deal in town is Monday nights at the Vth Floor, Harvey Nichols, SW1 (0171-235 8250), where you buy wines from their shop without any extra mark-up. RSJ, SE1 (0171-628 4544) shows off the best of the Loire; Ransome's Dock, SW11 (0171-223 1611) offers the most interesting wines at keen prices; an approach shared by Leith's, W11 (0171-223 4481) and Odette's, NW3 (0171-586 5486).

Budget: requests for

recommendations aside, the most frequent comment from visitors to London this year has been "Isn't London expensive?", a reflection of the strength of sterling.

Particularly good value in and around the capital are branches of Sofra, offering Turkish/eastern Mediterranean food; Pizza Express, for the best fast food, and Aroma and Prêt à Manger for coffee and sandwiches.

At the corner of Gerard Street, Soho Harbour City and New World offer inex-

pensive dim sum; Tokyo Diner, Newport Place and Hi Sushi, Frith Street, offer great value Japanese food and Soho Spice, Wardour Street, provides exciting Indian food.

Around north London, Daphne, NW1 (0171-287 7322) and Lemonia, NW9 (0171-566 7454) offer good value Greek food, while Istanbul Iskenderbeisi, N16 (0171-254 7291) flies the flag for Turkey. Lovers of Indian food should head to Southall for Mahdu's Brilliant (0181-574 1897) and Wembley for the vegetarian Sakotis (0181-903 9601).

And remember, bargains at even the most expensive restaurants can be enjoyed by sticking to their set-price lunch menus.

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## The commuter now leaving . . .

Train services are as important as houses for people fleeing London. Anne Spackman buys a ticket

**F**or families moving out of London to commute from the country, the rail service is almost as important as the house. Length of journey, convenience and cost are all factors which can be built into the equation.

But it is the quality of the service itself which is most likely to determine whether the enterprise is a success. How do the various routes compare post-privatisation? With the infamous exception of those on the so-called "miserable line" to Southend, the happiest commuters are most likely to be found to the north and east of London, while the moans and groans are currently loudest in the south and west.

These sentiments are backed up by the performance bulletin published by OpRAF, the Office of Passenger Rail Franchising. In its January report, OpRAF shows season ticket holders on the Great Western line out of London Paddington qualifying for discounts as a result of poor punctuality.

In its incentive scheme for punctuality on peak London commuter services (and regional and rural trains), train operator Anglia was awarded \$38,000 for beating its targets, whereas South West Trains, which covers Hampshire, was paying an \$842,000 penalty, and Connex South Eastern, which runs services in the Kent area, was paying \$1.5m.

South West Trains had suffered the public ignominy of having

made so many drivers redundant that it lacked sufficient staff to run all its trains.

Property happens to be cheapest in those areas where rail services are currently performing best - which sounds like an advert for moving to East Anglia.

Mark Oliver, who runs FPD-Saville's office in Ipswich, is quick to agree. "Suffolk is very unpopulated, has the cheapest country houses within striking distance of London and the lowest crime in the country," he says. "Our train services are among the best, but our roads are probably the worst."

The three main commuter stations for Essex and Suffolk are Colchester, Manningtree and Ipswich, which recently won an award for its upgrading. The journey into London normally takes between 50 and 65 minutes. (Estate agents across the south report resistance from five-day-a-week commuters to any main journey of more than an hour.)

Parking and access to the station is easier at Manningtree than Colchester, as are the chances of getting a seat. But Colchester has twice the number of peak-time trains. Mark Oliver says commuters who can walk to the office from Liverpool Street are willing to put up with a slightly longer journey from home.

Some of Suffolk's prettiest villages are within 10 minutes' drive of Manningtree station and its "buffer" has gained a sufficiently good reputation to attract non-trav-

elling customers. Strutt and Parker put the price of a country house with two acres at around \$500,000, compared with more than \$800,000 in Berkshire.

Agents report far more buyers than houses available, as is typical across the entire commuter belt, and truly exceptional houses command appropriate premiums. Stour House, a beautifully restored listed property, just over two miles from Manningtree station, sold for "considerably in excess" of its \$1m guide price this spring.

**Property happens to be cheapest in areas where services are currently best**

Another group of settled commuters are those commuting from the Hertfordshire and Essex villages within reach of Stansted Airport. Both track and trains have been upgraded in order to service the airport and services run far earlier and later than on normal routes. The journey to London takes around 45 minutes.

Tony Mullucks, of agent Mullucks Wells, says news of its convenience is spreading on the grapevine. "We are seeing more competition for houses in that area

than before," he says. "Compared with five years ago, the difference is immense. Quite a lot of the people we sell to work in the City, but do business in Europe. They use the airport and the station to move around very quickly."

The quickest commuter service into London is on the Bristol line, which picks up commuters at Swindon, Didcot, Reading and Maidenhead. George Pope, who jointly runs John D Wood, is a regular commuter from Didcot, from where the journey takes just 45 minutes.

He says: "I have commuted from Didcot over a long period and we have come to expect a very good service. There is no doubt whatsoever that it has deteriorated over the past couple of years, but it is still pretty good."

"If I get the timing right, I can get from Mayfair to under the White Horse in Uffington in an hour and 20 minutes. If the train is 15 minutes late, we all moan and groan. If it's half an hour late, we are angry. People have had discounts for late-running trains, but nobody is interested in getting back £20 at the end of the month. They simply want the trains to run on time."

Nick van Zeller of Knight Frank in Hungerford, says commuter resistance to long journeys has increased, as working hours have lengthened. Some have moved back from the Berkshire/Wiltshire borders to London; others are concentrating their search in areas

such as Basingstoke, where they are almost guaranteed a quick journey.

"People will look at a property and say, 'that's going to mean another 10 minutes to the station,'" he says. "With houses in short supply, it may not put commuters off altogether, but it will make them far less enthusiastic."

Winchester is prime commuter territory, with a 55-minute journey into Waterloo. Andrew Rome, who runs Knight Frank's new office there, says commuters get their daily exercise running to claim a seat. "It's a good service, but it's packed," he says.

It is the same story in Guildford. With a journey time of just 33 minutes to Waterloo, it is the nearest county town in attractive countryside to London. Parking, as in many stations, is categorised, with spaces closest to the station costing the most.

John Denney, who runs Hampton's office, says commuters increasingly complain that the service has got poorer since privatisation.

"They say they have to stand more and that the procedures with tickets have got slower," he says, "but it isn't having any effect on house prices."

The most popular places for commuters are the villages 10 to 15 minutes from the station, where period family houses now cost around \$750,000.

"There just aren't enough chimney pots to go round."

On the Move

## At home along the right track

Gerald Cadogan travels in search of properties with a railway connection

**A**lthough steam trains disappeared long ago, railways still keep their aura of heritage, romance and excitement and railside properties remain unusual and sometimes desirable. In Hampshire, East Dean House, eight miles from Romsey, is within feet of the Portsmouth-Cardiff line, and one must ring for permission to cross the track to reach the meadows on the 11-acre property. The house, listed grade II, also offers 400 yards of single bank fishing on the river Dun, and one of the country's oldest squash courts. The price from John D Wood (01902-869131) is \$750,000.

FPDSaville (0181-780 9800) asks for offers over \$300,000.

In Canterbury, Berkeley Homes is developing a scheme of 200 units (flats and houses) at St Dunstan's Gate on the site of the old goods yard for Canterbury station. The ticket office will become a house, and its new owners can enjoy knowing that the world's first paying passenger service ran from Canterbury to Whitstable.

In the current phase, 14 homes are still for sale, priced from \$285,000 to \$119,950. Inquiries to Berkeley (01274-659474).

### Hotspots

Where are the hotspots in the present market? A new report from Yolande Barnes of FPD Saville Research picks out a few. In Scotland, Edinburgh's Georgian and Victorian terraces have seen offers at 30 to 30 per cent above the "offers over" minimum asking price, and there has been a similar market in the West End of Glasgow.

Around York, prices have increased by 10 per cent over the last year, and prime houses by 23 per cent over the last two years as buyers, the agent suggests, discover a better life, and more value for their money. Yet it is less than two hours from York to King's Cross. Also strong is the Cheshire market near Manchester, the North's counterpart to Surrey.

Another hot spot is Warwickshire and north Oxfordshire - which surely ought to include south Northamptonshire - where prime houses have risen 46 per cent from 1995 to 1997.

### Rare freehold

Gerald Road is between Eaton Square and Shury Street in Belgrave, London SW1, once the home of the Belgrave police station and Noel Coward. Knight Frank (0171-824 8171) and FPD Saville (0171-730 0822) are selling number 13 for \$2.4m freehold, which is still fairly rare in this part of London.

## The sum of a 4x4's parts

**S**uzuki has 30 years' experience of making small 4x4s for the upwardly mobile and last year its Vitara was Europe's best seller in its class, writes Stuart Marshall. Despite competition from the Land Rover Freelander, Suzuki will probably stay on top of the heap for a while. Its new Grand Vitara (pictured) seems bound to do well among buyers who want a proper off-roader providing it does not drive like a small truck or gulp too much fuel.

Unlike the Freelander and its two other main rivals, the Honda CR-V and Toyota RAV4, the Grand Vitara has selectable four-wheel drive and gives the driver the choice of a high or low range of gears. The low set is mainly for off-roading, but would also come in handy if you were towing a tonne of logs to feed your ravenous wood burner and had to restart on a steep hill. Using four-wheel drive in low-range first gear would save the clutch from punishment.

Inevitably, most Grand Vitaras will be bought as car substitutes and their owners will have no idea how well they go in the rough. At the press launch last week I spent an enjoyable half-hour bouncing around some exceedingly slippery tracks through Buckinghamshire woodland. Even though it had normal road tyres, the Grand



Vitara was unfazed by side-deep mud. It climbed in and out of holes like bomb craters and up slopes as steep as the roof of a house. Just as important, it wound itself slowly and safely down again, feet off the pedals, with the compression of the 2.5-litre V6 engine providing the braking effort.

On road, the Grand Vitara is quite car-like to drive. With 142 horsepower and a gleefully precise 5-speed gearbox, it performs like a reasonably sprightly family estate. Pick-up is lively and motorway cruising is not noisy. The suspension is independent at the front and the rear axle is coil sprung. Bearing

in mind its genuine off-road capability, Grand Vitara's on-road ride is pretty comfortable, though you do feel the thump when one of the big wheels drops into a pothole. It is a five-seater, with ample room up front, though if sitting behind long-legged people, rear-seat occupants will find

legroom is poor. At present only the V6 engine, which should yield an average 25.5mpg (10.8/100km), is offered. More economical four-cylinder, 2.0-litre petrol and turbo-diesel options will join the range later this year. On the road prices of the V6 start at £16,195 for the entry-level model.

Motoring

## Greatest car of them all

Stuart Marshall joins the quest

**C**hoosing a European Car of the Year is one thing. Selecting a Car of the Century is something else because every car made anywhere in the world in the last 100 years is, in theory at least, a potential candidate.

Masterminding this competition is a Car of the Century committee based in Amsterdam. A jury of 135 international motoring journalists, myself included, has been bending its mind to the task for more than a year. First a shortlist of 200 cars was drawn up. The jury's first vote eliminated half of them.

Over the next few months it will cut the list to 25 semi-finalists, to be announced at the 1999 Geneva car show. Five finalists will be selected in the summer of next year and the winner will be announced on December 4 1999.

The jury's official brief was to select the finest car built this century. The interesting part is to decide exactly what makes a car the world's finest in a century of motor manufacture.

High performance obviously counts for a lot with many jury members. One third of the official list of 100 candidate cars from which the 25 semi-finalists will be picked were among the fastest cars of their day. But how much weight should be put on

other qualities such as innovative design, historical significance and the social value of a particular car?

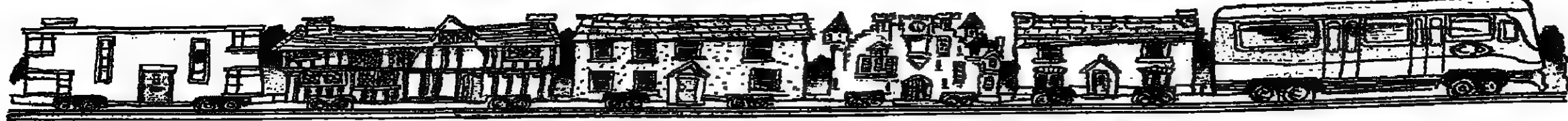
Had there been a contest 50 years ago to pick the car of the half-century, the winner would have been large, luxurious, high performing and mechanically advanced; perhaps a Rolls-Royce Phantom, a Bugatti Type 57 or a Mercedes-Benz SSK. But the car's role in society has changed beyond recognition. Will the winner be one that foreshadowed the day when motoring would become the chosen form of transport for the masses of the industrialised west, not an agreeable aspect of life for the rich and famous?

We shall see. But I am encouraged by the survival among the candidates of many of the cars I put forward in my first vote. Among them are the Volkswagen Beetle, Citroën traction avant, Ford Model T, Willys Jeep and Austin-Morris Mini.

A display of the 100 candidate cars will be held at the RAI exhibition hall, Amsterdam, from June 27 to July 5. The organisers hope other countries will put on their own displays. Interested parties should call Car of the Century committee in Amsterdam on 3120-3163600, fax 3120-5163601.



## PROPERTY



# Train times allow towns to move closer

Gerald Cadogan looks at how faster services have moved the market for properties around Banbury

**B**anbury is moving ever closer to London, a little at a time. Soon, the Oxfordshire town will be just 67 minutes from the capital and, within a year, a few minutes less.

On May 24, Chiltern Railways will introduce the first stage of a 100mph train service from London via Bicester, Banbury to Leamington Spa, Warwick, Solihull and Birmingham.

Overnight, this will extend the horizon for commuters seeking to move deeper into the country, offering them some of the loveliest parts of the English countryside - south Northamptonshire, north Oxfordshire and south Warwickshire.

Whatever happens to the rest of the UK country market, 12-month price rises of between 5 and 10 per cent can be expected, says John Lowe of Bidwells.

If short of leg room, the Chiltern trains have been punctual enough and successful enough for it to be hard to find parking at the country stations. At the London end, Marylebone is a quiet, pleasant terminus, with easy access from the concourse to the Bakerloo underground line.

The new service will restore the dual track removed in the Beeching era on the Bicester-Princes Risborough stretch, and allow a half-hourly service to London. No longer will the up

train have to wait at Bicester for the down train to clear the track. And there should be more space in the carriages.

Such improvements will help the housing market, as did the M40 extension, which serves the same territory. The road, opened in January 1991, took a long time to build, allowing prices to race ahead in anticipation in the late 1980s, only to fall back by more than the UK average in the early 1990s, FPD Savills suggests.

## An ordinary London house can be swapped for a substantial country one

Of late, they have risen above the average. But in this buffer-zone between the Midlands and south-east England, prices are still good value, mainly because many commuters prefer to be near Didcot, Oxford or Milton Keynes.

Judith Milton, of Lane Fox's buying agency in Banbury, predicts the new service will be particularly "good for those who do not go into London every day". Even so, it is reasonable to expect a sharp rise in daily commuting. Milton has

plenty of buyers on her books, and not enough houses to satisfy them. Demand comes from people away from Birmingham and London, as well as those who want a good second home at £800,000 plus, while keeping a pied-à-terre in town, she says.

It is easy to convert the high value of an ordinary London house into a substantial home near Banbury, if one can find it. Lane Fox suggests a range of £500,000 to £800,000 for a farmhouse or rectory, and one in south Northants sold recently for more than £1m. Milton finds a huge demand for houses with an acre or two. A tennis court, or space for it, is a big plus.

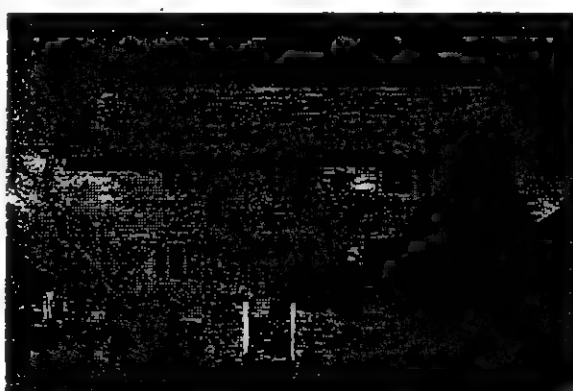
Buyers often think first of the north end of the Cotswolds, in north Oxfordshire, west of Banbury, which is glorious hilly country but has long been popular.

At the foot of the Cotswold escarpment, where the latter ground of Warwickshire begins, Hampton and John D. Wood are selling the 18th-century House Farm at Aylescot with 4.5 acres, near the site of the Civil war battlefield of Edgehill (1645). In the severity of its design, and the local rust-coloured Hornton stone, it is a typical vernacular building of the Banbury area. The guide price is £500,000.

Nearby is a country house called Kingscott, part 17th century but mostly 1880,



Stoneleigh Abbey in Warwickshire: grand houses and flats are being created



The Friars in Great Broughton, Oxfordshire. On sale for £275,000



The Manor House at Fritwell. You need £1.5m to call it home

known as The Cottage since it is probably on the site of the cottage where Charles I breakfasted before the great battle.

Little has been done to the house for 30 years, making it difficult to value. So Bidwells will sell it by auction on May 28 at the Whately Hall Hotel in Banbury, with a guide price again of £500,000.

North of Banbury, FPD Sav-

ills offers The Friars, a smaller house in Great Broughton, dating to 1885, for £275,000, and a town house in Southam for £275,000. At Bishops Cleeve, near Leamington and Warwick, an early 20th-century country house with eight bedrooms and 20 acres is available from FPD Savills or Sheldon Bosley for offers over £800,000.

South Northants is dear to

those who live in a county of squares, spires and large vistas, which the rest of the world races through by train or on the M1. That has led to its being undervalued. Prices tend to be lower than to the west of the Cherwell. Expect the new Chiltern trains, and the good service from Northampton, to even that out.

But it does differ from north Oxfordshire in having fewer medium-size houses -

rectories, farmhouses, small manors.

At £375,000, Lane Fox offers two village houses, The Old Bakery in Byfield and the 1860s Whitfield Cottage at Whitfield. Just over the county line into Oxfordshire, but still east of the Cherwell, is the Manor House at Fritwell, an Elizabethan house listed grade II\*, with good gardens and 24.5 acres, on offer from

Knight Frank (Oxford) for £1.5m.

With old properties in short supply in the Chiltern line belt, new schemes are an alternative. At Bicester, near the station, County Homes is developing Maytrees, with prices starting at £137,700. But the most exciting scheme - and easy to reach by the Chiltern line - is the resurrection of the big house and ancillary buildings at Stoneleigh Abbey in Warwickshire, the grandest Georgian house in the county, joined to a 18th-century wing formed out of the old abbey.

Dedicated building restorer Kit Martin is adding Stoneleigh to the list of country houses he has saved, in partnership with a building preservation trust which will open the fantastic ground floor state rooms - a triumph of icing-sugar plasterwork on mythological themes - and grounds to the public.

Funding comes from the Heritage Lottery Fund (£7.37m), English Heritage (£1.35m) and the European Regional Development Fund (£1.35m).

Above the ground floor state rooms, in the old wing and in houses in the grounds, his private sector development is creating grand houses and flats. The mix of buildings of different dates and styles gives Stoneleigh the feel and comfort of an old Oxford college. The park by Humphry Repton is a gem.

In this haven at the end of the Chiltern line, houses and flats are available for between £150,000 and £550,000, through Knight Frank in Stratford.

**Bidwells, Northampton:** 01604-650500; **County Homes, Bicester:** 01869-343800; **Hamptons, London:** 0171-639 8222; **Knight Frank, Oxford:** 01865-790077 and **Stratford-upon-Avon:** 01789-297735; **Lane Fox, Banbury:** 01295-273582; **FPD Savills, Banbury:** 01295-363333; **Sheldon Bosley, Shipston on Stour:** 01869-661666; **John D. Wood, Oxford:** 01865-311322.

## INTERNATIONAL PROPERTY

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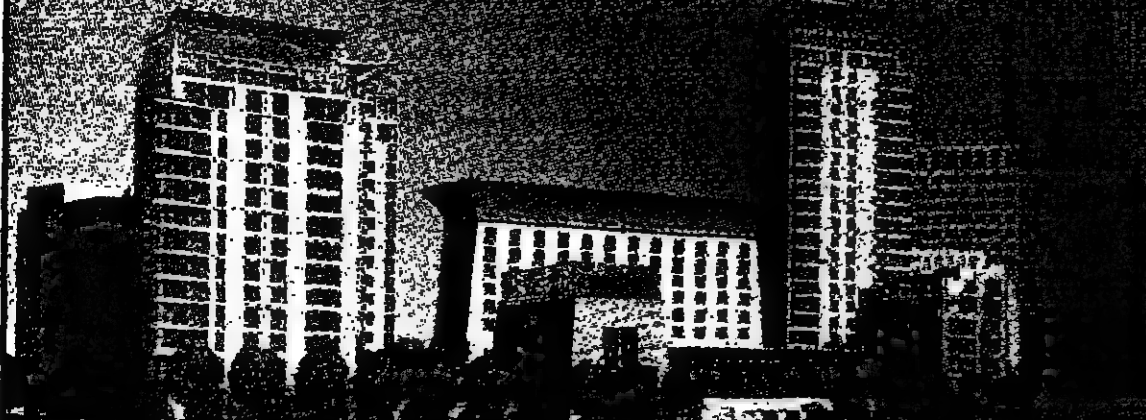
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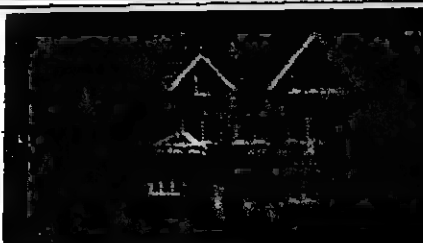
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
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## GARDENING

# Where a fine specimen thrives

Robin Lane Fox is impressed with the Brooklyn Botanic Garden and its absence of predators

My first job was in a botanic garden, but it is not one I would want nowadays in this world of under-funding and public cuts. Its main legacy to me is that I aim to visit the botanic garden in every big city. I have just been inspecting one of the most famous, the Brooklyn Botanic Garden, in New York.

When I last wrote about New York's Botanic Gardens I was so enthusiastic about the sister garden in the Bronx that I merged it with Brooklyn and carried on as if they were the same place.

Brooklyn is not the Bronx, but it is hardly a more likely place for a great botanic collection. Since 1910, a major garden has been partly funded by private gifts on what has now become 52 acres, leased from the City of New York. The next four weeks are a marvellous time for a visit. The splendid collection of mature magnolias is coming into flower, anything from big trees of Stelata to the more recent Leonard Messel.

The best of a spectacular collection of prunus are starting to open and will be at their peak in early May. By then, wisteria is dripping from large arches and if you find the colour of the azaleas in the Osborne Italian garden too brash, you can take

comfort in a recently planted meadow of bluebells which has already spread beyond 50,000 bulbs. Anyone who needs to flee Manhattan's concrete jungle should take the subway and enjoy this oasis of greenery.

In Britain, botanic gardens are having a hard time of it. It seemed shocking when poor Kew had to introduce high admission charges. The claims of botany and gardening pull in different directions; global ecology has different aims from gardening and it is never quite clear what contribution to research is made by all those beds up and down the country filled with heritage plants and ancestral herbs.

How do they run things in the US? The Brooklyn establishment maintains a garden staff of 23 for 52 acres and runs on a total budget of \$10m a year. Public life for them, too, has not been easy. Public funding accounts for less than half of the revenue and the rest has to come from endowments, membership groups and charges to visitors.

In 1996, the garden instituted a modest admission fee



Brooklyn Botanic Garden: boxes of seeds are raised and tended throughout the year by schoolchildren

of \$3 and at first the attendance pattern was similar to Kew's. Numbers dropped, but then they picked up and have now reached more than 750,000 visitors a year.

Admittedly, it has the good fortune to be in the supreme neighbourhood for the move from rags to riches. Donors to Brooklyn like to remember their varied social routes, and leave their mark on a botanic garden which their families knew in early years. Space can be hired for special dinners. For a fee, you can rent

parts of the garden's conservatory for the sort of social occasion which has been slow to reach Kew.

Since its foundation, the Brooklyn garden has had the right priorities about public involvement and education. Schools and children have had a defined part in the garden's mission. The president, Judy Zuk, showed me the boxes of seeds which children raise and tend throughout the year in agreement with the garden.

Around 100,000 schoolchildren visit yearly and

there is a real concern to teach them how to garden, not just more flabby information concerning the "world about them".

Some other botanic gardens tend to think that an ecology map and a few bossy posters which explain that motor tyres come from rubber plants, are the sort of thing which tomorrow's adults both need and want to know. They are much too scared of teaching them how to grow plants and how to garden in the first place. Brooklyn has some of the

longest-running and most imaginative schemes in this area I have encountered.

Now that botany in universities has disappeared into the study of cells and DNA, the one thing that botanic gardens could teach us from an early age is how to garden.

It also teaches its public how to compost. Animal manure is out of the question, and instead the garden relies on its own programme of composting; this forms an exhibition for the public and is emphasised as an impor-

tant model for the future of the entire city. In 2001, the Fresh Kills landfill site will be closed, thus exacerbating a crisis in the disposal of garbage.

The Brooklyn gardens and three other botanical gardens in the city are being funded to run a public composting initiative, which includes a telephone hotline to help the public with all those questions on mulching and the biocycle which the British never ask. Perhaps UK botanic gardens should start to broadcast the facts about Biosolids.

As is the American custom, the garden is also a haven for interns and volunteers. Sixteen interns learn how to get their hands dirty each year and many of them move on to a lifetime in horticultural service. A large cohort of volunteers encourages the movement to make the professional taxonomists look outwards. Part-time workers and flexible hours greatly strengthen the garden's modern person-power.

It certainly helps that the garden is sited in the former home area of some of the biggest names on modern

Wall Street, but their tendency has been to contribute to capital buildings and projects which then need to be kept up and gardened in a sensitive manner. The mixture of outsiders and insiders is always healthy in this difficult area.

And what about pests? The president recoiled from my request for details of her shoot-to-kill policy. No, she assured me, there was absolutely no shooting or trapping and the garden learnt to live happily with squirrels and chipmunks. It is, however, true that it is remarkably free from rabbits because of its urban position. Canadian geese had recently arrived on its main stretches of water, and here, the idea of goose-trapping was not entirely lost on the administration's mind.

Every urban idyll has its intruders. As I admired a wonderful expanse of that American favourite, the yellow-flowered Corylopsis pauciflora, which grows so well on neutral soil, I did wonder how it would cope with the pair of hares which ruined mine last year until I disposed of them.

Brooklyn is lucky in its botanic garden and the sound sense and direction of its management. It is also lucky in being free of the pests, which terrorise so many of its admirers' gardens.

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# Heading way up north for the final frontier

Simon London experiences some eccentric and challenging encounters of the Alaskan kind

The waiter in the restaurant of the Seward-Valdez ferry is in his late 40s and gaunt, hair pulled back into a ponytail and a long gunslinger's moustache. He could have played rock 'n' roll, on the road. But here he is, serving cod to tourists on the Alaska Marine Highway.

Later, leaning on the fore-deck rail, we get talking. He has a girl in Anchorage but there's trouble right now; drugs are the problem, he says, there's too much of it up here. Europe? Sure, he knows Europe. Amsterdam, that's where they legalised the stuff. Used to be legal up here. Grew it up in the Matanuska Valley, where cabbages grow big as arm-chairs and cannabis plants to match.

There is more to the northernmost state of the US than abundant wildlife and spectacular scenery. The residents of North America's final frontier are eccentric, dreamers and adventurers: you have got to be game for a challenge to put up with nine-month winters, when the sun barely rises and the thermometer dips to 30°C below.

Yet the population of Alaska - the youngest state in the US - grows every year as people move up from the "lower 48" states. And every summer more tourists come for a taste of wilderness.

Adventurous pensioners drive Winnebagoes across the continent from Florida or

Texas. In late June and July, the height of the short Alaskan summer, the roads are a procession of retirees' campervans.

Travellers with less time and more money usually settle for a scenic cruise up from Seattle or Vancouver, drifting in five-star luxury past jagged mountains and sweeping glaciers.

There is, however, another way: fly to Anchorage, hire a car and hit the road.

**In Alaska, they reckon there are more bears - brown, black and Kodiak - than there are people**

Forget visions of driving across snowy wastes. In the long days of summer - the sun barely sets during June - we found Alaska teeming with life: mountain slopes covered with wild flowers, rivers crammed with salmon and mammals at every turn - whales, seals, sea otters, moose and, if you're not careful, bears.

And we found this kind of independent travel much easier than expected. The flow of petrodollars down the Trans-Alaska pipeline has given the state new roads. The growth of tourism

has spawned hotels, motels, wonderful bed and breakfasts and not-at-all-bed restaurants.

To see whales and waves we simply hopped on to one of the steady ferries of the Alaskan Marine Highway, for a 12-hour voyage out across the north Pacific and past the great, shifting Columbia glacier.

We started in Anchorage, taking a spectacular hop over the Rockies from Seattle. If you're wise enough to visit Anchorage in spring (end of May and early June) or autumn (August), there is no shortage of accommodation. We skipped bland hotels and stayed with Bill and James in the kitsch, camp splendour of the Aurora Winds B & B.

Like most Alaskan B & Bs, the standard of accommodation is excellent - all mod cons and a ready supply of anecdotes. Other guests included a medic moving up from Arizona, and the world's foremost expert on elephants' feet - he had flown from Manchester to tend the zoo's resident pachyderm.

Nowadays Anchorage boasts freeways, museums and a few pint-sized skyscrapers. But the wilderness is never far away. Cycle along the city's coastal pathway and there's a good chance of spotting whales or running into grazing moose.

Moreover, it is only half a day's drive to the Kenai Peninsula - a playground of lakes, mountains and glaciers - or the Denali National Park, a vast, untouched wilderness around Mount Denali, North America's highest peak.

Where you can taste the wilderness: 'Just keep your eyes open for bears'

The Kenai Peninsula is Alaska at its most user-friendly. Unlike the rest of the state, there is a network of hiking trails for those who want the wilderness without mounting an expedition. But even if you stray a few yards from the road, Alaskans will warn, it is worth taking precautions against a close encounter of the carnivorous kind.

They say there are more bears than people in Alaska - brown, black and Kodiak. If you want to avoid running into one - and believe me, you do - make plenty of noise out on the trail and carry tasty snacks in sealed containers.

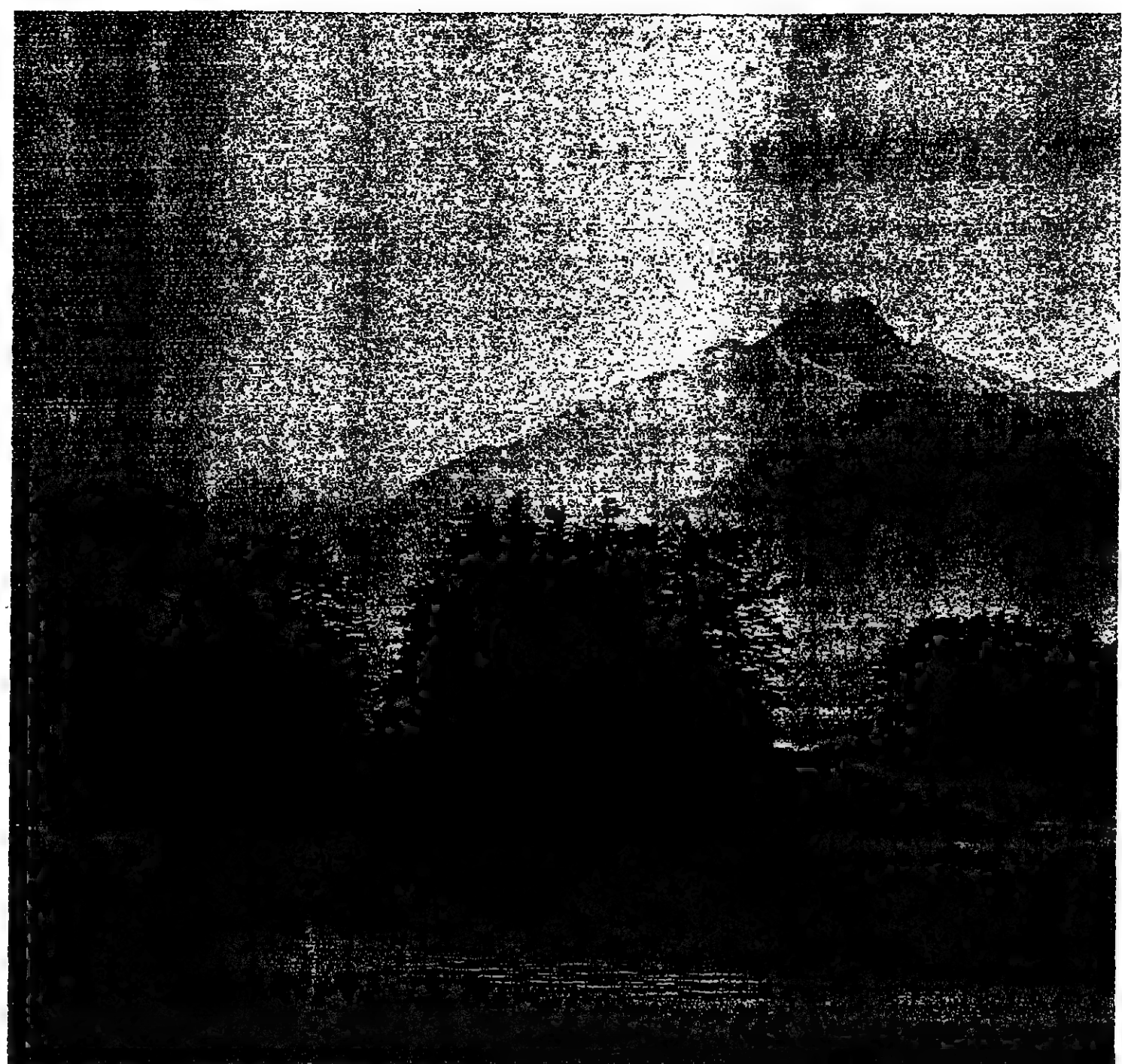
But don't be alarmed. In three weeks out-and-about, the only bears we saw were from the safety of our tour bus in Denali National Park.

Denali, north of Anchorage, is an altogether different experience. No buildings, no cars, no footpaths and only one dirt road in an area the size of a small country. The only way to get into the heart of the park is on one of the old school buses that make the all-day rattle down towards the mountain.

As the road climbs, the air gets colder and pine forest gives way to a treeless sub-Arctic landscape, mile-wide valleys and rough mountains. Herds of caribou move across the tundra. Moose grass in the vegetation, and on most trips you will see honey-coloured bears - if only from a distance - lumbering over the slopes.

Most people arm themselves with flasks of coffee and long lenses, and they do not get off the bus. But it is worth taking your courage in both hands for a walk across the alien landscape, even if you only go a few hundred yards.

With no paths to follow, it is an unnerving experience - but one you will never forget. Just keep your eyes open for bears and, unless you're a wilderness expert, do not lose sight of the road.



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TRAVEL

# Adventures in Wonderland

Travelling with small children can be a trial. Peter Whitehead reports, through his daughter Matilda, on a trip to France

There has to be a first time for everyone and it looked like it was our turn. Mum and Dad had decided to introduce the sister and me to foreign travel.

Bolder parents pack a toothbrush, tuck their screaming little blighters under an arm and catch a flight to Bolivia or Thailand.

Our parents' approach has been to take all the jobs and boosters available, buy a first aid kit and fire extinguisher, smother themselves in insurance, pack the Space Wagon to the brim and set off for north Devon.

I am now five, for goodness sake, and this is beginning to look pretty tired. Years have passed since Mum and Dad last ventured beyond England's shores and my sister, Meredith, who is three, has never even been out of southern England.

Where did they plan to take us? An obvious destination for such rusty adventurers was the south of France, the obvious way of getting there, flying.

An airport, though I had never been to one, sounded the perfect arena for mischief - harassed, distracted parents bickering over who was supposed to have packed the anti-slip bath mat. But then I heard them talking: "Children are just unco-operative, awkward luggage on legs," Dad said.

They didn't fancy driving down the Autoroute du Soleil with two squabbling girls in the back, either.

Meredith and I were devastated when Mum and Dad told us we would be going by train. We'd been on a train - all the way to Guildford. And it was boring. Anyway, on the day, they loaded up the car to the gunwales, as usual, and set off for Folkestone's Le Shuttle terminal - a few shops, places to eat, somewhere for us to play.

Going under the sea was all right but we didn't see any of it. "Are we in France yet, Daddy?" I had been asking this since we left our village. I could tell he was getting fed up.

"Where's the France hotel, then?" asked Meredith. We would find France hotel tomorrow, he said, telling us we would have a great adventure first - sleeping on the train.

We liked seeing the car put on the train and climbing the ladder to the top

**Daddy moaned about the packed beach until pretty pastel towels appeared next to ours**

banks in our overwhelmingly brown couchette thing. We tried and tried to stay awake but the gloom of dusk and the dreary flatness of northern France meant it was hardly worth it.

We all must have slept quite well, as everyone, even Dad, seemed cheerful when we got to Avignon. "South of France on less than a tank of petrol," he kept saying.

A junior suite at the Hôtel

de Frégate, a four-star hotel between Marseilles and Toulon, was to be "our house" for a week: two rooms, each with a double bed.

We both felt itchy for the first couple of days. Not sure why. But once the parents calmed down, so did we and we discovered we were actually in a mini paradise. The Frégate is close to the sea in a well-to-do area that has escaped tourist overdevelopment because of its rocky coast and small beaches, mostly in bays and coves.

Bandol is the nearest town, a smart, busy port built primarily to ship the wine produced in its hinterland. The main beach is inside the harbour and its gently sloping sand and tiny waves were ideal for us. Mum even bought us an inflatable boat. Dad had to blow it up.

It was the same at the beach at Les Lecques: a shallow, calm sea, a peaceful, child-friendly lunch, a gorgeous sweeping bay.

There were loads of people on the sand, which we thought was great. But Daddy kept moaning about how packed it was until three pretty pastel towels appeared next to ours. Then he didn't seem to mind.

At Cassis, we didn't go in the sea at all. Its steep, shingly beach just outside the harbour wall had waves that were much taller than me. Even Daddy didn't go

in - he said he hadn't got his trunks with him.

Mum and Dad only decided we should go to Cassis because of the wind and rain that morning. They said there was a scenic route across the Route des Crêtes that sounded spectacular. It was, especially in a gale. A sign warning of danger in high winds made Dad grip the steering wheel so that his knuckles went all white as we zig-zagged up and over what his book said was the highest sea cliff in Europe.

The day only started to take off for Meredith and me when we were promised a boat trip to les Calanques, a series of deep inlets into the craggy limestone cliffs that extend from Cassis to the edge of Marseilles.

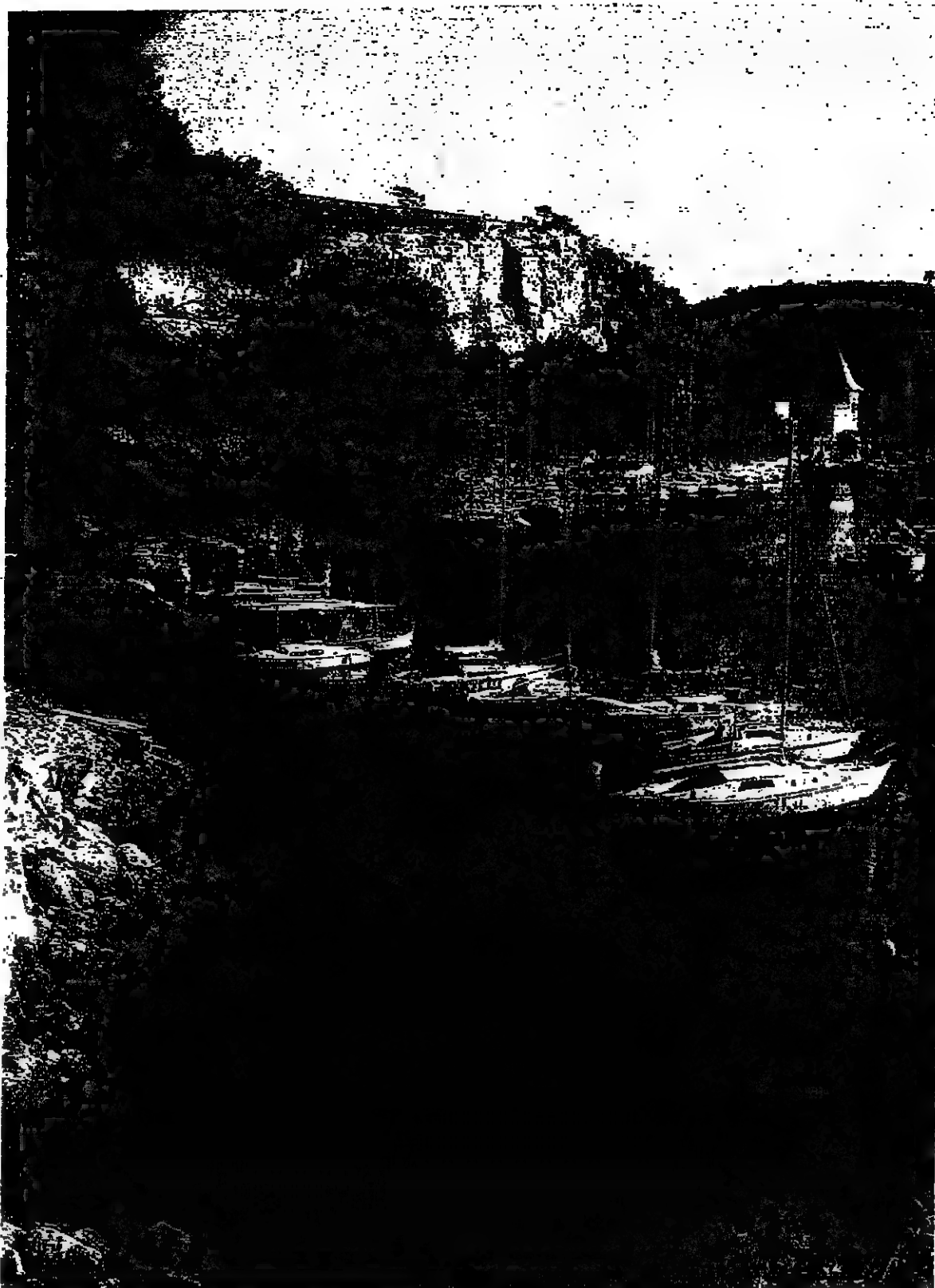
Our boat chugged into three Calanques and there were people sitting, like small lost tribes that we had come to discover, on tiny beaches at the end of each inlet.

Along this curious coastline, trees were growing from bare white rock and Dad's book said there were many remains of prehistoric man to be found, including paintings in caves that now lie below sea level.

We all loved Cassis. Dad said its origins were Roman and that it had traded, fished, and exported wine and white stone before settling gracefully into the role of resort. We were happy there until Dad said we had to go so that he could play golf back at the hotel.

Frégate "village" is not short of amenities: parents were impressed by the three-tier swimming pool, vineyard, villas, tennis courts, crèche and, nearest to Daddy's heart, two golf courses, one of 18 holes, the other, nine.

Our parents played tennis, too, for the first time in years. We couldn't believe Daddy would fit into the tiny



Curious coastline: Port Miol, the nearest Calanque to Cassis

10-year-old tennis kit he had brought to play in. And he didn't really, Meredith and I were spared having to watch them play as we were playing happily ourselves at

the Powder Byrnes Scallywag club with other children.

Most of the people who looked after us were English but we met French people,

too; we learnt their language - *bonjour* and *merci* - and we kept getting teased. I cried in the hotel lobby when we had to leave.

On the way home - back to sleep on the train again - Dad said: "As foreign adventures go, that must be just about as easy as it gets." And he's always right, so I guess it must be.

## Information

□ Peter Whitehead and family travelled with Powder Byrnes, which runs the complimentary Scallywag club for its clients' children aged from four to 12, from Monday to Friday. There is also a crèche at Hôtel de Frégate for children aged one to four and Powder Byrnes staff can provide babysitting. Powder Byrnes, 4 Alce Court, 118 Putney Bridge Road, London SW15 2NQ (tel: 0181-871 3300).

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## TRAVEL



## When the Full Monty went to Barcelona

Jimmy Burns accompanies some football warriors to a Catalan clash

I had long thought that football and travel don't mix, not least in the presence of some of our northern European brethren; the combination can provoke drunkenness and mayhem, a recipe for mindless destruction. Not my idea of a holiday.

So I needed to be convinced by the blurb on the tour brochure: "If you love sport and you love travel... you'll love us," it promised.

(In fairness, I should note that tours on offer from the same company extend to sports events ranging from the Rugby Five Nations to the SuperBowl.)

I was setting out in mixed company: a few football-loving couples, some women out for a break from their husbands, and extended groupings of single males - English, Scots and Dutch - some of them hardened soldiers of football match confrontations.

The tour in question involved a weekend in Barcelona focused on one of the toughest encounters of the football calendar: a league clash between two of the best clubs in the world, Barcelona and Real Madrid, in the Catalan capital's enormous Camp Nou.

The omens were not good on arrival at Barcelona airport on a Saturday morning. Local fans opposed to Jose Luis Núñez, the autocratic president of the club, had chosen this weekend to deliver a motion of no confidence in him.

"It would appear that Mr Núñez had kept back a few tickets to hand out to some of his supporters. I'm sure you will all get your tickets but not all of you will be sitting together," said Doug, a life-long Spurs and England fan, and part-time tour guide.

The occupants of our bus missed a collective heartbeat or two - it was the match, not the city, that was the attraction.

It turned out to be a false alarm, however. By the time we reached our hotel, any problem had been resolved. Doug had installed himself behind a desk in the foyer. He handed out tickets, neatly tucked in envelopes, and pointed to a map of the stadium. Study of the map confirmed that each ticket offered a good perspective on whatever was to be thrashed out that evening, both on the pitch and around it. The hotel was five minutes from the stadium.

The arrival of the tickets combined with the facilities of the hotel - spacious rooms, a large

bar, pool and helpful staff - helped soothe whatever pent-up aggression lurked in our midst. And it was sunny outside, a reminder that this was spring and we were next to the Mediterranean, a far cry from the mean weather we had left behind.

Come lunchtime, and a contingent of *ingleses* - the majority first-time visitors to Spain - was prepared to follow me, the only half-Spaniard in the group, downtown.

I was more than happy to share some of the notable tourist features of a city I had regularly visited since childhood.

I owe it to my Spanish mother that I have always tried to avoid drinking without eating - not through abstemiousness, but because the two activities combined make each so much more enjoyable. It can also minimise the risk of aggression and an eventually blistering hang-over.

What better place of diversion for the potential hooligan than *Tapa Topa*, a mecca of regional and national culinary delights, where local draught beer is served only if one partakes of an extended altar of filling nibbles.

No matter that several in our group were surprised that the filling in a croqueta was rather different from that in a Cornish pastie, and that the *calamares a la romana* were not frogs' legs à la Roman style.

The Sheffield contingent - all girls who had nicknamed themselves the "Full Monty" - spoke for the majority by declaring by about five o'clock that the food, particularly the small fried *chorizos*, was "blooming marvellous".

By then, quite a lot of beer had accompanied the *tapas*. Members of the group reclined in their café chairs and sleepily observed the world about them.

A carnival atmosphere was building up in the city - the main protagonists seemingly drunk only on the incredible lightness of being Catalan on a day when Real Madrid was coming to town.

They were gathering in groups along the *Passeig de Gràcia*, the wide avenue graced with some of the city's more stately and architecturally inspired turn-of-the-century buildings, and the magnificent streets beyond leading to the stadium.

The Camp Nou is not tucked away in some industrial suburb, but well landscaped amid tree-lined boulevards, and some of Barcelona's more striking mod-

ern architecture. Half a dozen teenage girls painted in the colours of Barcelona football club, giggled and danced and improvised a rumba as they disappeared into the metro.

A family - grandparents, parents and children - similarly attired in Barca colours conversed while eating ice creams, as if part of an extended wedding reception.

A courting couple kissed, chased each other, played hide and seek. Although Spanish food seemed to have temporarily obliterated any thought of football among the English brigade, the girl had not forgotten the big event of the day. She pulled away and exclaimed: "Come on, it's time to go to the match."

Rather more was at stake here, I realised, than seeing someone

antheams and cigar smoke rising like a tribal offering from the deep-dug bowl of the Nou Camp.

Nearly 120,000 Barca supporters (most season ticket holders) turned the traditional encounter with their only league rivals into a statement of political allegiance as well as a celebration of magical football.

For all the constant whistling and verbal abuse thrown at the Real Madrid players, the atmosphere was so much intimidating as festive, particularly as both teams displayed a degree of individual skill that made most so-called English stars seem real plodders by comparison.

As far as our group was concerned, it helped that no one had an allegiance in this game at least. Whatever tribal instincts lingered deep within them, they had been left at home.

Here, on this night in Barcelona, rival English, Scottish and Dutch fans sat back and enjoyed the spectacle, seemingly amazed that such intensity of feeling could be expressed in such relatively non-violent terms. "This is electric, man. I can't believe how friendly people are being," commented Jack from Glasgow, a Rangers fan. "If this was back home with Celtic, this would be real war."

There was safety in numbers, too. For the length of the match, my comparatively tiny group of football fanatics seemed overwhelmed by being with others who had a different way of experiencing football.

At half time, Mark from Watford was one of several Englishmen who had to relieve themselves of the beer consumed during the afternoon. Most Catalans stayed put, lighting up another cigar, or talking to the wife. Mark rejoined us, bemused. "I've never had a piss during a match like this," he said. "No queues and it's all newly decorated, real grand stuff like back at the hotel."

When the match was over, some of the more battle-weary in our group prepared themselves for what they expected to be the inevitable scrum and flexing of muscles on the outskirts of the stadium. But, instead, they found thousands of Catalans - many old people, women and children among them - calmly dispersing without police assistance and not a drunk among them.

■ Jimmy Burns flew with David Dryer Sports Tours (0171-631 7198) and stayed at the Hotel Princesa Sofia.

No one in our group expressed this better than Oliver, a computer analyst who had been brought up to watch football in the UK. "Football's got too expensive back home. It's in the hands of management who do not care a shit about the fans. I'm hoping that what I see here will pump up my enthusiasm. I've been told the atmosphere is great, genuinely popular like."

A couple of hours later, Oliver declared himself "exhilarated" by a game that surpassed all expectations. Our group and a few hundred Real Madrid supporters - carefully segregated in the upper tiers - were submerged in a sea of collective passion, the

win, loss, or draw. The old quarter, Gaudi's Gothic masterpiece of the church of the *Sagrada Família*, the Olympic village, the beach, the Picasso and Miro museums and the other multiple attractions the city has to offer, were on hold till the next day. For now, what mattered was that the game should turn out to be worth coming all this way to see.

■ MAIDEN OVER: The world's largest cruise liner, the Grand Princess, is about to go into service to cater for the ever-increasing demand for holidays at sea. The ship, at 103,000 tonnes, is more than 950ft long and can carry 2,600 passengers. It will make its maiden voyage from Southampton on May 14, sailing the Mediterranean in the summer and spending the winter in the Caribbean. The \$450m ship is the first of the Grand class of cruise liners to be built for P&O. Two more, the Sea Princess and the Ocean Princess, are due to come into service in 2001. Alan Harrison

■ ABBEY INTERNATIONAL: Monte Casino Abbey, devastated in the second world war and restored with donations from all the countries involved in the battle there, is included in a Royal British Legion tour of South Italy

battlefields, along with Ando and Salerno and cemetery visits. Trips cost £640 and leave on June 6 and September 19. Call 01622-716729.

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complimentary, at a crèche for 1-4 year olds and a Scallywags club for 4-12s.

■ LOW LIFE: Absolutely no high-rise hotels, promises Spanish Harbour Holidays; only unspoilt resorts in Catalonia, from Barcelona to the Pyrenees. (Some, despite the name, are inland.) Call 0117-888 9777.

■ BULGARISED: Bulgarian museum guide books should be read critically, says the welcome

## A medieval city set to join the tourist beat

There is plenty to see in Riga, says Angela Wigglesworth. Go before it gets too crowded

A city of spires, cobbled lanes, brightly painted medieval houses, street musicians and outdoor cafes - this is Riga, the capital of Latvia.

The scene belies a history of invasions that have moulded the country, from the arrival of the Teutonic Knights in 1201 to periodic wars among the Baltic powers, often fighting for supremacy over the territory of modern-day Latvia.

After centuries of oppression, Latvia finally gained independence in 1930. But in 1940, Russia invaded again. Thousands of Latvians were deported to Siberia; in 1941, Germans drove Russians out and murdered 90 per cent of the Jewish population; in 1944, the Red Army returned and deported more; in 1991, Latvia became free; and today, people can place flowers at the foot of the Freedom Monument in Riga, an act for which they could have been deported in Soviet times.

But the policy of Russification during the Soviet occupation has left an indelible mark on the country and Latvians now make up less than 80 per cent of the population; a third are ethnic Russians.

Wages and pensions are meagre but there is a spirit of recovery and hope in the air. Crumbling buildings are being restored, and if you want to see Old Riga before tourism really sets in, go now. It is a beautiful city, 3½ hours' flying time from London.

We went for a long weekend and this is how we spent it.

**Thursday night:** At the sensitively renovated Hotel Koonvanta Seta, once a medieval convent, in a complex of tiny streets, shops and restaurants.

**Friday morning:** A guided tour of the Old Town, its houses painted cream, coffee, terracotta and yellow; restaurants and cafes spill out to the cobbled streets.

The Dom (cathedral) in the wide Doma Laukums has one of the largest organs in the world (with 5,788 stops) - as we went in, we were enveloped in sound. Outside, under the trees, a woman in summer hat and flowery skirt was playing "Ave Maria" on the flute.

We saw the famed roof-top cat figures put there by an angry 17th century citizen to irritate a neighbour; the 17th century Swedish Gate in the old city wall, and the Freedom Monument where a guard of honour has stood since 1928. We walked halfway across the October Bridge for a view - unchanged for centuries - of the skyline with its spires and domes.

**Friday afternoon:** To the 19th century spa region of Jurmala, 15 villages spread along the coast

linked by railway stations. "I advise you now to breathe fresh air, relax and go to the beach," said our guide. The sandy beach with changing cubicles stretched into the distance, but there were few bathers. The water, we were told, was polluted, though a new sewage treatment plant had improved it and long, white rollers still washed ashore the "tears of pine trees" - amber, which comes from the trees' resin.

In the village, music blared from Nacho Nana's Taverna, and on a covered open-air stage a children's ballet class was in full swing. Toddlers rode toy cars along the walkway, teenagers skated, birds sang in the forest where grey weather-boarded cottages could be rented for summer.

"The scent of pine trees and the silence will calm the most capricious nervous system," said the guide book, "but massage, saunas, a good swim in a spa water pool and a hearty meal in a cosy pub will bring back the

strength." We returned to Riga through forests where black storks nest and wild pigs and elk roam.

**Friday evening:** Folk singing or an organ recital in the cathedral? We chose the latter. The cathedral was packed - low-priced seats for concerts and opera make it accessible for retired people and those on low wages. The music was so wonderful.

**Saturday morning:** To the Open Air Ethnographic Museum on the edge of the city, where more than 130 wooden buildings and 8,000 artefacts from all over Latvia have been gathered in acres of forest to evoke the country life of the past. Craftsmen were making and selling their work, and strawberries and blueberries growing wild in the forest were also for sale. One could spend a day here.

**Saturday afternoon:** North-east to Sigulda to explore the Gauja National Park with its medieval castles and legendary caves. From the ruins of the Livonian Castle and its open-air theatre, there was a view of the red brick tower of Turaida Castle, jutting,

in fairytale fashion, above the forest. During a superb lunch on a terrace overlooking a deeply wooded valley, we watched a 330-year-old cable car edge its perilous way across a ravine.

**Sunday morning:** To the central market, five pavilions originally built as Zeppelin hangars, now selling every kind of fresh fruit, fish, bread, vegetables, dairy produce imaginable. It was a dazzling sight - great slabs of unwrapped butter, trays of soft home-made cheese, jugs of fruit yoghurt, black, brown, sweet, sour, curd, caraway leaves, fish and meat of every species. But at the doorways, old men and women stood in a line holding out tight, plastic carrier bags, milk, handkerchiefs, socks, toothpaste - anything they could find to sell to supplement their tiny pensions.

**Sunday afternoon:** South from Riga to the magnificent Rundale Palace designed in 1787 by the architect of St Petersburg's Winter Palace. It was used as a granary by the Germans during the second world war and, though it is still being restored, its great Gold Throne Room, White Ballroom, painted ceilings and statues are magnificent. Waiters in the restaurant wore scarlet livery and white wigs in honour, we suspected, of the late President Mitterrand's family dining at the next table.

**Monday morning:** Bought a bottle of Black Balsam, a Riga speciality, a fierce-looking drink made with 40 herbs and Latvian vodka, which could be drunk alone or mixed with anything from hot chocolate to champagne. Nearby, women stood in the street knitting garments, their finished work displayed on a stone wall. An accordion player was swaying to his music, cars trundling over the cobbles, artists putting pictures on canvas screens in the outdoor Arts and Crafts market.

In the park, women with brooms were sweeping up newly cut grass, the cafes were coming to life and water lilies into flower on the City Canal. I walked back from one street musician to the next. It was time to go home.

■ Angela Wigglesworth was a guest of Viator, the Latvian Tourist Board, Latvia Embassy (tel: 0171-312 0040). She flew to Riga with Etair (tel: 0293-553747). Suggested reading: *The Lonely Planet's Baltic States*.



The sculpture park at Turaida, site of a fairytale castle

Angela Wigglesworth

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■ BULGARISED: Bulgarian museum guide books should be read critically, says the welcome

new Blue Guide (A&C Black, £13.99); much local history is politically or religiously contentious and often distorted.

■ UP MARKET: Stephen Venables, first Briton to climb Everest without oxygen, has launched a travel company specialising in small-group adventure journeys to such countries as Kenya, India and Australia, on foot, mountain bikes, horses, yachts... Not all are strenuous (and none should need

oxygen). Details from +44 01225-442892.

■ DIG IN THE REES: Tour the cemetery in Key West, southernmost Florida. "I told you I was sick" and "At least I know where he's sleeping tonight" are among the epitaphs.

■ LATE BREAK: If you need a holiday at short notice, try Last Stop Holiday Shop (0191-510 1100), teleshop specialists in last-minute special offers from big

operators and small - bookable from six weeks to a day before leaving.

■ MAIN TRUNK: Help the Chobe Wildlife Trust count elephants in Botswana, on a 16-day trip with

DiscoveryInitiatives, leaving in May (during the full moon, to make counting easier), stopping at the Victoria Falls and the Okavango Delta, and staying with the remote Kavimba tribal community for two days - their first guests ever. Costs £2,340; details from +44 0171-229 9881.

John Westbrooke



## TRAVEL

# Skiing Firing on all cannons

Arnie Wilson looks back over a mixed winter for skiers

**S**o farewell to the winter of 1998. It might have been El Niño's attempts to disrupt the world's climate, or it might have been just the usual eccentricities of the weather, but skiers have seen some odd conditions in recent months: wet weather in Whistler, British Columbia; early season snowstorms in California's High Sierras; the "ice-storm of the century" in Quebec and New England, or the sub-tropical February temperatures in the Alps.

And on top of all that, there were Winter Olympics at Nagano, Japan - already just a memory, as a wave of pink cherry blossom sweeps across Japan before being blown away by spring breezes (the blossom bloomed early this year - El Niño again?).

Today, it may well be a happy Easter on the slopes, but it was never going to be a classic winter.

The season limped along quite effectively, though, thanks to regular topping up of the slopes. Face-saving snowfalls on both sides of the Atlantic came along just when it seemed that the snow was turning into porridge and there were too many stoney patches for comfort.

Skiers, by and large, were happy because they had plenty of sunshine, if not snow. UK tour operators also enjoyed buoyant bookings, based on the strong pound and a spectacular start to the previous winter.

Because of the strong pound, traditional resorts in

Switzerland and France, which had suffered from British absenteeism, welcomed UK skiers back with delight - mainly at the expense of Italy, which had been enjoying a skiing renaissance.

The Himalayas was just about the only mountain range to be deluged with snow, but proved just a little too far from Geneva, Lyon, Munich, Boston or Denver to provide a realistic alternative to the Alps or the Rockies.

In British Columbia, there was some excellent tree-skiing to be had in the magnificent snow bowls of Fernie (a real find) and superb terrain at East Frontier Helicopter Skiing, way up in the north-east of the province, not far from the Alaskan border.

But before that, I celebrated something of a personal milestone, visiting my 500th ski resort when I went to see Franz Klammer in his native Carinthia in the Alpine-Nassfeld.

Then, last week, I found myself back where I started the current season, 40 resorts ago: in Val d'Isère-Tignes (where I swear there were more British skiers than French) for the British Land Junior and Children's championships.

There, I watched not only British hopefuls for the 2002 Olympics, but young children hurtling down the slopes like teenage gladiators in their shimmering helmets, hoping to make the 2006 or 2010 games.

Among them, 12-year-old Edward Drake, a product of the Thomson British Ski



Edward Drake, aged 12, racing - and winning - in France: 'He's mad! Last June, he even beat Eddie the Eagle'

Academy in Chamonix, had just beaten off the 150-strong and mainly French opposition to win the coveted Stolle D'Or in the Ecole du Ski Français national ski contest for children of his age group.

Edward's mother, Christine, said: "It all started when we took him on a skiing holiday when he was 18 months old and he started pinching people's skis. By the time he was three, we had to get him some of his own."

"At one stage he wanted to make skiing even more exciting by skiing with his eyes shut, but he stopped doing that after he hit a tree. He's mad! Last June, he even beat Eddie the Eagle (Michael Edwards, the spectacular British Olympic ski jumper) by three gates in a charity race at the dry slope at High Wycombe."

Like many resorts struggling with indifferent snow for much of the season, Val d'Isère and Tignes have been "cannoned to death", as one local put it: "So much of the skiing has been on artificial snow for so long that it has been hard to turn it in for weeks - it has been really tiring for the ski instructors."

The thinness of the snow - although not critical - was not the only depressing element of the winter. I experienced a culinary disappointment, too. Since I last visited the excellent Solaise, one of Val d'Isère's most prestigious restaurants, it has become a pub, serving bacon butties, sausage sarnies, curries "better than Gandhi makes" and a Sunday roast with "lashings of Bisto gravy". Quelle horreur.

On the other hand, I did - belatedly - discover a delightful and intimate little Val d'Isère hotel, called The Karn, serving excellent food. Its aficionados, of course, have known about

the place for years, which is why it is usually booked solid.

Full marks, too, for the Chevalot patisserie and chocolaterie, where you can select a gooey cake and sit and eat it with breakfast or après-ski coffee.

And so on to winter 1998/99: next year's skis, which I will be testing with Snow + Rock in St Anton this week, will come in all shapes and sizes, but most of them will be "shaped" carving skis.

So, if you have a pair of conventional skis and want to keep using them, resisting the idea of "going parabolic", look after them. They may soon be irreplaceable.

## Uphill task on a golden day

Elizabeth Robinson tries out the slopes - both up and down - in Geilo, Norway

**W**e should have known better than to go cross-country skiing in Norway on the day two Norwegians won gold and silver medals for that very sport at the Nagano Winter Olympics.

Our instructor and guide

for the morning, Søren, set a cracking pace, his level of fitness redefined from superhuman only by his age - fifty-something - and his nicotine addiction. Our brief instruction - "Clip your skis on and follow me" - was followed by two hours of aerobic skiing with the occasional rush of adrenalin.

As ski-based winter sports evolve and diversify, it is easy to forget how it all started. This year's snowboarder was, only a few seasons ago, expounding the virtues of the then-new "fat-boy" skis, perhaps only a few years after cutting a dash on monoskis (remember them?).

But cross-country skiing has remained a constant, allowing skiers to escape from crowded pistes, to sample the silence of the forests or the eerie moonscapes of mountaintops at a more sedate pace.

Well, sometimes. Those who think that cross-country skiing is for the less adventurous have never found themselves tearing downhill on skis with no edges. Sometimes the only way to slow down, I found, was to sit down and suffer the consequences.

The mechanics, or lack of them, of cross-country skiing can put even an accomplished skier back to nursery level. The boots are soft, like training shoes, and lack that clamped-in rigid reassurance of downhill boots. They are attached to the skis at the toes, which allows the heels to lift at each step or glide.

Classic cross-country skis, which we were using, are narrower and longer than downhill skis, with no sharp edges but with a ridged patch, like fish-scales, that provides some purchase for uphill travel.

When we set off from the frozen lakeside at Geilo, a mountain village halfway

between Oslo and Bergen in the Hallingdal valley, Søren asked us, as beginners, how far we wanted to go: 5km or 10km? Not wanting to sound pathetic, we opted for the longer route that would take us away from the lake and into undulating forest trails skirting the village.

About 15km and two hours later, Søren admitted he had taken a wrong turn. "I'm sorry if I tired you out," he smiled. "But you seemed so keen at the start."

True, we were absorbed in the simplicity of gliding along prepared tracks through the forest, made effortless at times by a gentle downhill run or the wind on our backs.

We soon settled into a languid rhythm that deceiv-

ingly propelled us along at quite a pace. Only when the paths turned uphill did we have to call on strength and will-power to half-glide, half-step to the top, employing underused muscles in our arms to pivot ourselves upwards against our ski poles. That's the rhythm of cross-country - a balance of uphill struggle and downhill freedom.

We came across very few people on our trail, one using shorter, sharper skis that allow a faster skating technique, while another was being pulled along by a red-setter dog in a harness, the Nordic version of taking the dog for a walk.

Søren recommended to us his daily constitutional of an evening 5km trip around the lake as promoting a healthy appetite and angst-free sleep: 5km of the 200km of cross-country trails around Geilo are flooded for that purpose.

However, Geilo's cross-country trails are only half the story. The village, at 800 metres, is also an established downhill ski resort with more than 30 runs connected by 12 lifts.

If the delights of cross-country are the solitude and silence that it offers, then downhill skiing at Geilo is on the same track. Lift queues are rare and sharing a piste with other skiers is almost the exception. The runs, even the black, may not be as long or challenging as in other resorts, but what a pleasure to have them to yourself.

Although Geilo is accessible from an airport only 25km away, the railway around which the town developed offers the most spectacular entry. The three-hour journey from Bergen starts out along the side of a steep fjord and in the narrower reaches, as we travelled farther from the sea, the water between the canyon sides was frozen.

Then the harsh landscape of jagged rocks and trees, with the occasional waterfall splashing its load from the icier highlands, is interrupted by tunnels which suddenly expose the panorama of the Hardanger-vidda plateau, known as "the roof of Norway", coated with smooth meringue-like peels.

Despite Geilo's remoteness and the welcome lack of crowds, it is not sleepy or underused. It markets itself as a family resort offering a range of activities for all generations. Thus snowboarders, while welcome (though uncommon) on the main pistes, have their own dedicated run, with another due to open next year.

In fact, you are more likely to see telemark skiers in Geilo than snowboarders. That most elegant of techniques, with its dipped turns, is practised by all ages in Geilo, from teenagers lunging from leg to leg straight down the mountain to women in colourful local knitwear and black wool skirts swaying with great poise on their skis.

With so few people on the slopes it comes as a surprise to walk into the bar at the white-timbered Dr Holms hotel for an afternoon drink.

Crowded with all ages, Dr Holms is an après-ski institution, its fortunes matching those of the town itself. The building of the railway linking Bergen and Oslo in 1909 established Geilo as a half-way stop-off for town-dwellers to take the mountain air, and Dr Holms set up his sanatorium in the town for that purpose.

Today, the hotel's health club still offers pampering treatments while its popular bar dispenses the essential Norwegian aquavit.

The town's nightlife, by all accounts, becomes liveliest from midnight at the nightclub of the Bardola Høyfjellshotell, where stayed. The hotel manager looked disappointed when I said I had been unable to visit the famed nightclub: after a day on skis, an afternoon with Dr Holms and an evening of superb Norwegian cuisine, I had no energy for dancing.

Elizabeth Robinson travelled to Geilo with Inlandair tel: 01653-02821. She flew to Bergen on Braathens Airlines and travelled with NSB, the Norwegian railway, to Geilo where she stayed at the Bardola Høyfjellshotell.

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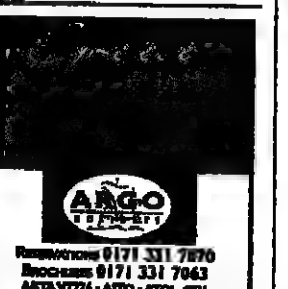
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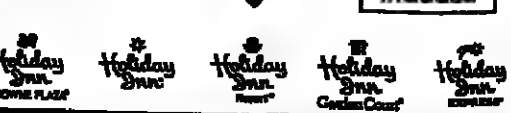
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What's on  
around the  
world

AMSTERDAM

BALTIMORE

BARCELONA

BELFAST

BERLIN

BUSSELS

CHICAGO

CLEVELAND

DUBLIN

EDINBURGH

GENOVA

HAMBURG

HELSINKI



## INTERNATIONAL ARTS GUIDE

What's on  
around the  
world

## AMSTERDAM

**EXHIBITION**  
Van Gogh Museum  
Tel: 31-20-570 5200  
Jewels from a Photographic Collection: from the Print Room of Leiden University, selected by students and focusing on the period 1880-1900. Includes works by Bretnier and Witsen as well as many hitherto unknowns; to May 3

## OPERA

Netherlands Opera, Het Muziektheater  
Tel: 31-20-551 8911  
Wozzeck: by Berg. Wim Trompert directs a revival of Willy Decker's 1994 production, with designs by Wolfgang Gussman. With the Netherlands Philharmonic conducted by Hartmut Haenchen; Apr 13, 16

## BALTIMORE

**EXHIBITION**  
Walters Art Gallery  
Tel: 1-410-547 9000  
Monet: Paintings of Giverny from the Musée Marmottan. 22 paintings produced during the last 23 years of the artist's life. Photo murals and works from the collection will be shown alongside the touring works; to May 31

## BARCELONA

**EXHIBITIONS**  
Fundació "la Caixa"  
Tel: 34-9-207 7475  
The Iberians: between the sixth and the first century BC, a little-known civilisation existed on the west of the Mediterranean bowl. Contemporaries of the Phoenicians and the Greeks, the Iberians developed a distinctive culture. Some of the 350 objects included in this display have never before been removed from the sites of their excavation; ends tomorrow, then transfers to Bonn

Museu Picasso  
Tel: 34-3-319 6310  
Egon Schiele: The Leopold Collection. 152 paintings and drawings on loan from the largest private collection of Schiele's work in the world; to May 31

## BELFAST

**OPERA**  
Grand Opera House  
Tel: 44-1232-241919  
The National Opera of Latvia: Nabucco, by Verdi; Apr 15, 16

## BERLIN

**CONCERT**  
Staatsoper unter den Linden  
Tel: 49-30-2035 4555  
www.staatsoper-berlin.org  
Berlin Philharmonic Orchestra: conducted by Daniel Barenboim in works by Liszt, Schumann and Beethoven; Apr 16

**OPERA**  
Deutsche Oper  
Tel: 49-30-34384-01  
● Der Prinz von Homburg: by Henze. Conducted by Christian Thielemann in a staging by Götz Friedrich; Apr 16.  
● Parsifal: by Wagner. New production conducted by Christian Thielemann in a staging by Götz Friedrich; Apr 13

**EXHIBITION**  
Staatsoper unter den Linden  
Tel: 49-30-2035 4555  
www.staatsoper-berlin.org  
Die Meistersinger von Nürnberg: by Wagner. Harry Kupfer's new production is conducted by Daniel Barenboim and Sebastian Weigle; Apr 12

## BRUSSELS

**EXHIBITION**  
Musées Royaux des Beaux Arts de Belgique  
Tel: 32-2-508 3333  
Magritte: comprehensive retrospective of the Belgian surrealist, celebrating the centenary of his birth; to Jun 28

## CHICAGO

**CONCERTS**  
Orchestra Hall  
Tel: 1-312-294 3000  
www.chicagosymphony.org  
Chicago Symphony Orchestra: conducted by Donald Runnicles in works by Wagner, Haydn, Pärt and Britten. With cello soloist John Sharp; Apr 15, 16, 17

**EXHIBITION**  
Art Institute of Chicago  
Tel: 1-312-443 3600  
www.artic.edu  
Italian Baroque Tapestries from the Hermitage Collection: 35 works never before seen in the US, including pieces by Bernini and Algard. Collected in the 1740s by the Abbot Faraselli before they were acquired by the Tsar, many of these sculptures were in storage for two centuries; to May 3

## CLEVELAND

**EXHIBITION**  
Cleveland Museum of Art  
Tel: 1-216-421 7340  
www.clevelandmuseumofart.org  
Vatican Treasures: Early Christian, Renaissance and Baroque Art from the Papal Collections. Selection of 39 masterpieces including manuscripts, reliquaries, paintings and sculptures from the 6th to the 18th centuries. Highlights include the gem-encrusted Cross of Justin II, commissioned by the Byzantine emperor as a gift to the pope in the 6th century, and Caravaggio's masterpiece The Entombment of Christ (above); ends tomorrow

## DUBLIN

**EXHIBITIONS**  
Irish Museum of Modern Art  
Tel: 353-1-612 9800  
Brian Cronin: Fat Face With Fork. First exhibition in Ireland of work by the Dublin-born, New York-based illustrator; to Jun 1



'The Entombment of Christ', 1602-04, by Caravaggio, one of the highlights of an exhibition of Vatican Treasures at the Cleveland Museum of Art until tomorrow

**National Gallery of Ireland**  
Tel: 353-1-661 5133  
The Irish Architectural Archive: 50 works from the archive, including designs for houses, churches and civic buildings, by architects including James Gandon and Raymond McGrath; to May 10

## FORT WORTH

**EXHIBITION**  
Kimbell Art Museum  
Tel: 1-817-3328451  
www.kimbellart.org  
Renoir's Portraits: Impressions of an Age. More than 60 paintings spanning the artist's career, of subjects including Claude Monet and Madame Renoir; to Apr 26

## HELSINKI

**EXHIBITION**  
Museum of Foreign Art, Sinebrychoff  
www.mfg.fi  
Luxury: Gold and Jewellery of Pompeii. 150 items including pendants, rings and bracelets, displayed to mark the 250th anniversary of the beginning of the excavations; to May 31

**OPERA**  
Finnish National Opera  
Tel: 358-9-4030 2211  
The Magic Flute: by Mozart. New production by Swedish director Elinor Glaser, designed by Peter Tillberg. Conducted by Mikko Franck; Apr 14

## HOUSTON

**EXHIBITION**  
Museum of Fine Arts, Houston  
Tel: 1-713-639 7750  
The Body of Christ in the Art of Europe and New Spain: 1150-1800. 75 objects including paintings, sculptures, manuscripts and textiles, which together address the meaning and devotional function of the image of Christ. Includes works by Bellini, Botticelli, Rubens, Tintoretto and Veronese; ends tomorrow

## KORIYAMA

**EXHIBITION**  
Koriyama City Museum of Art  
Tel: 81-249-56 2200  
Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition marks the centenary of Beardsley's tragically early death, aged 25, and arrives at the V&A in October, after touring in Japan; to May 5

## LISBON

**THEATRE**  
100 Days Festival, Expo '98  
Uncle Vanya: by Chekhov. Production directed by Peter Stein; Teatro Nacional D. Maria II; Apr 12, 13, 14

## LONDON

**CONCERTS**  
Barbican Hall  
Tel: 44-171-638 8891  
London Symphony Orchestra: Michael Tilson Thomas conducts works by Mahler, Ives and Bernstein; Apr 17

Royal Festival Hall  
Tel: 44-171-980 4242  
● English Sinfonia: world premiere of Strong on Oaks, Strong on the Causes of Oaks by Michael Nyman. Programme also includes Rachmaninov's Piano Concerto No. 2, performed by John Lill, and works by Schubert and Arnold; Apr 14

● London Philharmonic Orchestra: conducted by Paavo Järvi in works by Beethoven, Mozart and Mahler. With violin soloist Frank Peter Zimmermann; Apr 15  
● Philharmonia Orchestra: conducted by Mikhail Pletnev in works by Tchaikovsky and Bartók. With violin soloist Victor Tretyakov; Apr 16

**EXHIBITIONS**  
Barbican Art Gallery  
Tel: 44-171-638 8891  
● Shaker: The Art of Craftsmanship. First major exhibition of furniture and decorative arts from the Shaker community at Mount Lebanon; to Apr 26

● The Art of the Harley: 30 customised motorcycles provide the centrepiece of the exhibition; to May 3

this display devoted to the history of the Harley-Davidson company; to Apr 26

**National Gallery**  
Tel: 44-171-639 3321  
Henry Moore and the National Gallery: this celebration of the centenary of Moore's birth consists in a selection of his favourites among the Gallery's holdings; from today until May 31

**Royal Academy of Arts**  
Tel: 44-171-300 8000  
● Art Treasures of England: The Regional Collections. Display of some 500 paintings, drawings and sculptures which will tell the history of the public collections outside London. Including works by Canaletto, Hogarth, Turner and Francis Bacon, the exhibition will also seek to surprise with the works of less well-known artists; ends on Monday  
● Holy Russia: Icons and the Rise of Moscow 1400-1800. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts; to Jun 14

**Tate Gallery**  
Tel: 44-171-687 8000  
Bonnard (1867-1947): major retrospective of the French painter, comprising more than 100 works including landscapes, still lifes, a series of nudes depicting Marthe, Bonnard's lifelong companion, and several self-portraits; to May 17, then transferring to New York

**Victoria and Albert Museum**  
Tel: 44-171-938 8500  
The Power of the Poster: including classic images from the 1880s and 1890s as well as the work of contemporary designers and agencies. Ranging from Toulouse-Lautrec to the Wonderbra advert, many of these designs will be instantly familiar; to Jul 26

**OPERA**  
English National Opera, London Coliseum  
Tel: 44-171-632 8300  
La Bohème: by Puccini. Steven Pimlott's production is revived by Barry Atkinson and Frances Moore, and conducted by Emmanuel Joet; Apr 15, 17

## MADRID

**EXHIBITIONS**  
Fundació "la Caixa"  
Tel: 34-1-435 4833  
● From Whistler to Sliker: joint retrospective of the two painters which aims to introduce their work to the Spanish public by contrasting their differences. The exhibition will demonstrate the influence of Velázquez on Whistler as well as that of Whistler on Sliker; to May 17  
● The Photographic Avant-Garde in Spain: previously seen in Barcelona, a selection of 140 photographs from the period 1925-1945; ends tomorrow

## MILAN

**OPERA**  
Teatro alla Scala  
Tel: 39-2-88791  
www.teatroallascala.it  
Linda di Chamounic: by Donizetti. Co-production with Vienna Staatsoper conducted by Roberto Abbado in a staging by August Everding; Apr 11, 14, 15, 17

## MUNICH

**CONCERTS**  
Philharmonie Gasteig  
Tel: 49-89-5451 6161  
St. Matthew Passion: by J. S. Bach. Conducted by Philippe Herreweghe. With soloists including Mark Padmore; Apr 11

**EXHIBITION**  
Haus der Kunst  
Tel: 49-89-21270  
Arnold Böcklin, Giorgio de Chirico, Max Ernst: Journey into the Unknown. Selection of 130 paintings, collages and sketches; to May 3

## NEW YORK

**EXHIBITIONS**  
Guggenheim Museum  
Tel: 1-212-423 3500  
www.guggenheim.org  
● After Mountains and Sea: around 14 works created by Helen Frankenthaler

during the years 1958-1959; to May 3  
● China - 5,000 Years: comprising more than 500 works of art, ranging from the Neolithic period to the modern, with traditional works displayed at the uptown museum (to Jun 3), and the modern section at the Guggenheim Museum SoHo (to May 25). Both parts will transfer to Bilbao in July

● Visions of Paris: Robert Delaunay's Series. Previously seen in Berlin, this exhibition focuses on the series of paintings made by the artist in Paris, of subjects including Saint-Severin and the Eiffel Tower; The works, which demonstrate an impressionist tendency to represent the same view many times over, also point to the influence of Cézanne and Braque; to May 24

**Metropolitan Museum of Art**  
Tel: 1-212-879 5500  
www.metmuseum.org  
● Augustin Pejou, Royal Sculptor: first retrospective devoted to works by the French sculptor (1730-1809); to May 24  
● Pierre-Paul Prud'hon (1758-1823): first American retrospective of work by the French court painter and draftsman. Includes 60 paintings and 100 works on paper; to Jun 7

● When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 84 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Includes the most important known "cloth of gold"; to May 17

**Museum of Modern Art**  
Tel: 1-212-708 9480  
www.moma.org  
● Alvar Aalto: Between Humanism and Materialism. Centenary tribute to the Finnish architect, designer and town planner; to May 19  
● Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist; to May 27

**OPERA**  
New York City Opera, New York State Theater  
Tel: 1-212-870 6570  
www.nycoopera.com  
● Emmeline: premiered in Santa Fe in 1996, Tobias Picker's opera is presented here in the same production by Francesca Zambello, with sets by Robert Israel. Based on Judith Rossner's novel, J.D. McClatchy's libretto is a version of the Oedipus myth set in New England. The cast includes Patricia Racette and the conductor is George Manahan; Apr 11  
● Paul Bunyan: by Britten. New production directed by Mark Lamos and conducted by Stewart Robertson; Apr 14

## PARIS

**EXHIBITIONS**  
Jeu de Paume  
Tel: 33-1-4703 1250  
Arman (b.1928): brings together 100 works produced since 1959, including pieces from the Refuse & Garbage series and the most recent Cascades; ends tomorrow, then touring

**Musée Carnavalet**  
Tel: 33-1-4272 2112  
Chauvet: showcase of objets d'art made by the Parisian jeweller from the age of Napoleon to the present. Where possible, portraits of the owners wearing them are shown alongside the jewels themselves. Highlights include the extravagant perruques - matching sets of tiaras, necklaces, earrings and bracelets - created for 19th century European aristocrats; to Jun 28

**Musée d'Orsay**  
Tel: 33-1-4049 4814  
www.musee-orsay.fr  
● 1848: examining the relationship of artists to the revolutionary movement of 1848, and the influence of the Republic upon artistic life between 1848 and 1852; to May 31  
● Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to May 17

**Musée du Louvre**  
Tel: 33-1-4020 5151

**www.louvre.fr**  
La Collection Lamme: 17th and 18th century Italian art. Exhibition to mark the gift to the Louvre of 20 paintings and a sculpture. The 130 paintings on display include religious and mythological subjects and portraits, produced in Rome from the end of the 17th century; to May 11

## PHILADELPHIA

**EXHIBITION**  
Philadelphia Museum of Art  
Tel: 1-215-763 8100  
www.philamuseum.org  
Self-Taught Artists of the 20th Century: An American Anthology. 300 works by more than 30 artists, all of them without formal training. Includes paintings, sculpture and installations by artists ranging from Grandma Moses (1860-1961) to Ken Grimes (b.1947). Organized by the Museum of American Folk Art, the exhibition will transfer to Atlanta; to May 17

## ROME

**EXHIBITION**  
Palazzo Ruspoli  
Tel: 39-6-6830 7344  
www.palazzoruspoli.it  
Mummy Portraits: nearly 200 portraits, previously seen at the British Museum in London. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; extended to Apr 30

## SAN FRANCISCO

**CONCERTS**  
Davies Symphony Hall  
Tel: 1-415-864 6000  
www.sfsymphony.org  
● San Francisco Symphony Orchestra: Roger Norrington conducts Mendelssohn's Elijah; Apr 11  
● San Francisco Symphony Orchestra: conducted by Alasdair Neale in works by Haydn, Marti Epstein, Elgar and Schumann, with pianist Hélène Grimaud; Apr 15, 16, 17

**EXHIBITION**  
San Francisco Museum of Modern Art  
Tel: 1-415-441 4777  
www.sfmoma.org  
A. G. Rizzoli: Architect of Magnificent Visions. More than 80 drawings by the draftsman who spent his evenings and weekends making plans for a perfect world. This is the first museum survey of these meticulous works, which were discovered after his death, in 1980; to Jun 23

## STOCKHOLM

**EXHIBITIONS**  
Moderna Museet  
Tel: 46-8-5195 5200  
www.modernamuseet.se  
● "No one's dogs": 100 Years of Swedish Art. 100 works, specially selected to trace the history of modern art in Sweden; to Apr 19  
● Wounds: Between Democracy and Redemption in Contemporary Art. The inaugural exhibition in the museum's new building examines developments in the visual arts from the 1960s to the present. Includes works by Francis Bacon, Andy Warhol, Gerhard Richter and Per Kirkeby; to Apr 19

## TOKYO

**CONCERT**  
Bunkamura  
Tel: 81-3-3477 9999  
Tokyo Philharmonic Orchestra: conducted by Hilary Kilduff in works by Ishiyangi, Szymanowski and Tchaikovsky. With violin soloist Natsuko Yoshimoto; Orchard Hall; Apr 17

## TORONTO

**EXHIBITIONS**  
Art Gallery of Ontario  
Tel: 1-416-979 8655  
● Julia Margaret Cameron: The Creative Process. 50 works by the Victorian photographer, lent by the Getty Museum in L.A. Traces Cameron's career from 1844, and includes studies of famous contemporaries; to May 3  
● The Warhol Look/Glamour Style. Fashion: previously seen in New York, this major retrospective includes around

500 works of art, tracing Warhol's career from the 1940s to the 1980s; to May 3

**OPERA**  
Canadian Opera Company, Hummingbird Centre  
Tel: 1-416-363 6671  
www.coc.ca  
● Fidelio: by Beethoven. Revival conducted by Richard Bradshaw in a staging by Richard Monette, with sets and costumes by Leana Cassells; Apr 11, 18  
● Madame Butterfly: by Puccini. Conducted by Maurizio Barbacini in a staging by Brian MacDonald, with sets and costumes by Susan Benson; Apr 14, 17

## VENICE

**EXHIBITION**  
Palazzo Grassi  
Tel: 39-41-523 1680  
www.palazzograssi.it  
Picasso: 1917-1924. Beginning with works inspired by his designs for the theatre and ballet, and the characters of the Comedie dell'Arte, this display also picks up the return to classicism which coincided with Picasso's first visit to Italy in 1917. During this period, Picasso became a father, and more intimate images include portraits dedicated to his wife and son; to Jun 28

## VIENNA

**EXHIBITIONS**  
Kunstforum der Bank Austria  
Tel: 43-1-533 2266  
From Monet to Picasso: display of 120 works, starting with French Impressionism and Pointillism, and ranging through the Russian avant-garde and German Modernism to 1945; to Jun 28

**Kunsthaus Wien**  
Tel: 43-1-712 0495  
COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists who derived the movement's name from their cities of origin: Copenhagen, Brussels and Amsterdam. The work is characterised by a primitivist impulse, which set itself up against the modernism of geometric abstraction and socialist realism; to May 3

**Kunsthistorisches Museum**  
Tel: 43-1-525240  
Pieter Bruegel and Jan Bruegel: comprehensive survey of the art of the two sons of Pieter Bruegel the Elder. Includes around 130 paintings and 20 works on paper by Jan Bruegel the Elder (1568-1625) and his less celebrated brother Pieter Bruegel the Younger (1564-1637/8). The exhibition also includes 12 important works by their father, showing his influence on the sons; ends on Tuesday

## WASHINGTON

**DANCE**  
Kennedy Center  
Tel: 1-202-467 4600  
American Ballet Theatre: Frederic Franklin's new staging of Coppélia; Opera House; Apr 11, 12

**EXHIBITIONS**  
National Gallery of Art  
Tel: 1-202-737 4215  
www.nga.gov

● Alexander Calder (1898-1976): celebrating the centenary of the artist's birth, this display of around 250 works includes drawings and jewellery as well as mobiles and stabiles; to Jul 12, then transferring to San Francisco  
● Degas at the Races: horse racing, like the ballet, was an important and longstanding theme in Degas' work. This display comprises 100 variations on this theme: 40 paintings and pastels (including the recently cleaned masterpiece, The Steeplechase: The Fallen Jockey), 60 drawings and prints, and 20 sculptures, 16 of them wax models of horses which until the 1950s had been given up for lost; from tomorrow until Jul 12

Arts Guide by Susanna Rustin  
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# Weekend Investor

Wall Street

## Just titanic – the merger, not the movie

John Authers reflects on the implications of Citicorp's deal with Travelers

Analysing this week's mega-merger between Citicorp and Travelers – the biggest ever, by almost any measure – is rather like the story of the three blind men attempting to describe an elephant. Each grabs hold of a different part – the trunk, the tusk, the leg – and comes up with a totally different version of what the animal looks like.

Citicorp, as the merged Citicorp and Travelers entity will be known, will be a financial beast of elephantine proportions. With assets of almost \$700bn and a market capitalisation of more than \$150bn, the combination has amazed Wall Street and pushed the Dow Jones Industrial Average to its first close above 9,000.

Citicorp is a vast commercial bank, with corporate business in more than 90 countries and a wider network of retail branches than any rival. Now recovered from a period when it nearly went bankrupt from problems with real estate and third world loans, its history as a truly international institution encompasses the whole century. It has been led for 15 years by John Reed, a restless and mercurial intellectual.

Travelers is of more recent origin. It combines several of the most powerful brands in US financial services – Primerica consumer credit, Travelers insurance and the Smith Barney retail brokerage, merged recently with Salomon Brothers. It is led by Sandy Weill, a pugacious deal-maker from Brooklyn who has an unrivalled record in making deals and turning around large brokerage companies, usually with aggressive cost-cutting.

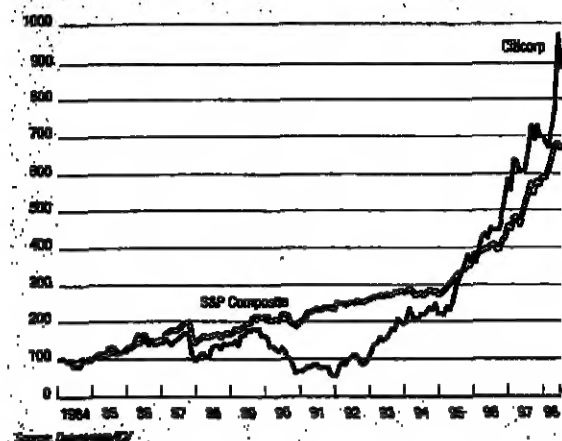
Between them, the companies have remarkably little overlap. They have interests in every branch of financial services, and in virtually every market in the world.

Like the blind men coming to terms with the elephant, the new entity could take a different shape, depending on where you begin.

Take Citicorp's huge international network, and its attempt over the past few years to build itself into a consumer brand. The merger presents an opportunity to

Citicorp, the Reed years

Share price and index (retained)



create the world's broadest financial brand, selling Travelers insurance and mutual funds in emerging markets where these products are still in their infancy. Yet, cross-selling is notoriously difficult in financial services, and there would have to be large-scale and systematic retraining of staff. It is a move for the long term.

Take Salomon Brothers and its bond underwriting and dealing business. The opportunity is there to create a global money centre bank in combination with Citicorp's market-leading foreign exchange operations. Again, though, this would take time. Citicorp's venture into the City of London, after the Big Bang, with the formation of the now defunct Citicorp Scrimgeour Vickers, is not an encouraging precedent.

Take Citicorp's corporate banking operations, and the deal can be seen as just a bigger version of the US mergers last year in which commercial banks bought securities firms so that they could offer a "one-stop shop" to clients. Crucial additions included equity underwriting and initial public offerings. The ambitions on both sides seem to go beyond this, but it is in this area that the merged company is likely to start realising new revenue first.

All of these ideas involve a dramatic rethink of what is possible in financial services, and emphasise the importance of distribution. It has awakened Wall Street, which already is discounting a series of mergers that

would allow banks to buy companies with large retail distribution networks.

American Express, Charles Schwab (the largest US discount broker) and Wells Fargo (the San Francisco-based bank which led the industry in the move towards online trading and banking branches in super-markets) are all thought to be "in play".

If dealers' rumours are to be believed, American Express and Schwab will have merged by the end of this year (if Citicorp has not bought AmEx first); Banc One of Ohio will have bought First Chicago NBD to create a banking colossus for the Midwest; the American International Group insurer will be merged with Bankers Trust; and US Bancorp of Minneapolis will have bought Wells Fargo.

But while the market generally senses that a big deal is coming, it usually gets the target wrong. Before Morgan Stanley merged with Dean Witter last year, the word was that it would buy Paine Webber.

Travelers was thought to be on the verge of buying Bankers Trust last year when it was, in fact, finalising its deal with Salomon. And, even last week, the word was that Citicorp would buy Standard Chartered.

**Dow Jones Ind Average**  
Monday 1,234.56 + 12.34  
Tuesday  
Wednesday  
Thursday  
Friday

London

## Eddie proves a good egg

Philip Coggan catches the Easter holiday mood

Happy Easter, Eddie. The Bank of England's decision to leave interest rates unchanged allowed traders to head off for the holiday in buoyant mood.

Manufacturers, who have been complaining about the strength of the pound for some time, also will regard Eddie as a good egg. But the Bank's monetary policy committee, which sets UK interest rates, did not give any indication that the peak in the cycle had been reached. There is still the chance of a rise in May.

The FTSE 100 spent much of the week consolidating above the 6,000 level, rather as hikers like to take an occasional rest and look back on their progress. The first quarter of the year was yet another profitable one for UK equity investors, with Footsie rising 15.5 per cent. This would have been a pretty decent return even if

strung out over a full year. Can the bull run continue? Optimists would point to: ■ Low inflation. While the UK's underlying rate is higher than those in Europe or the US, it is still low by historical standards. It means that interest rates, bond yields and dividend yields can be lower than they were in the 1970s and 1980s.

■ It should also mean that the economic cycle will be less severe than it was in the past two decades. The Bank should not need to increase base rates to 15 per cent (as the government did in 1980) to squeeze inflation out of the system.

Corporate profits should, accordingly, be more stable and predictable; it is worth paying a higher rating (price-earnings multiple) for higher quality earnings. ■ Improved corporate efficiency. Many UK companies have survived the recessions of the early 1980s and 1990s

and have become cost-conscious. They have fewer strikes than in the 1970s and benefit from more flexible labour markets.

Companies are also more focused on their shareholders. Instead of paying dividends (which have become less tax-efficient) or hoarding cash, they are returning surplus capital to shareholders in the form of share buy-backs. Credit Suisse First Boston estimates there will be \$17.5bn of UK buy-backs this year.

■ Liquidity. Buy-backs, along with cash takeovers, are one half of a buoyant liquidity position. As well as a shrinking supply of equity, the market has been buoyed by strong demand, both from institutions (which started the year with high cash levels) and individuals (who are looking for an alternative to low-yielding shares and bonds).

In the bearish camp, pessimists point to:



A first-rate climb for the market and now it's time to have a break

■ The dangers to corporate profits. Manufacturers are already being hurt by the effects of the strong pound. The effect of the Asian crisis – in terms of the collapse in demand or the competition from Asian groups operating in devalued currencies – has yet to be felt fully.

At the same time, domestic demand is being squeezed steadily by the five rate increases since last May's general election. Then, too, companies also face rising wage pressures. Service sector earnings are growing at 5.5 per cent a year, according to AEN Amro. That is going to put pressure on the margins of companies in sectors such as hotels and retailing.

■ Valuations. The dividend yield on the All-Share Index recently dipped to its lowest level since the first world war. Bears have heard all the arguments about lower inflation, share buy-backs and the rest, but they counter that investors have always been able in the past to rationalise high valuations, as they did in Japan in the late 1980s. That has not stopped share prices from reverting to the mean later on.

■ Overseas concerns. These vary from week to week but, at the moment, seem to focus on whether Japan, the world's second largest economy, might be slipping into depression. Alternatively, cynics might wonder if this week's biggest ever merger – between Citicorp and Travelers – is a top-of-the-market signal.

Whatever the merits of the

deal, the effect in the UK was to re-energise the banking sector and to fuel speculation over whether European groups would feel the need for further consolidation to match the muscle of their new US competitor. When the deal was announced on Monday, five of the Footsie's top seven performers were bank stocks.

Fund management stocks joined in the fun towards the end of the week. They had benefited earlier from the end-of-tax-year rush to buy personal equity plans after the chancellor backtracked in the Budget and allowed investors to keep the tax privileges of their Peps indefinitely. Stocks in two of the most prominent independents, M&G and Perpetual, then shot up on takeover hopes.

Such stocks have thus become the ultimate geared play on the bull market. Not only do their earnings depend on rising stocks (since their fees are related to assets under management) but their potential as takeover candidates makes sense only if you believe that the enthusiasm of private investors for equities is set to continue.

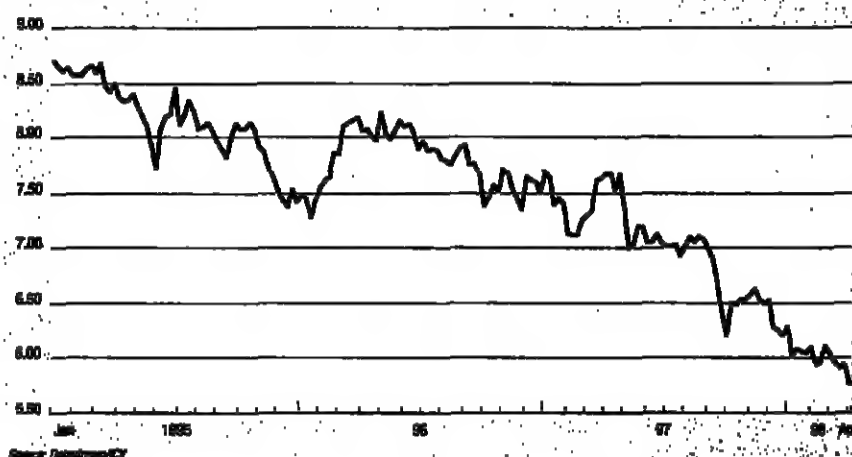
One doubts if many people would have bought Peps (or individual savings accounts, for that matter) after the bear market of 1973-74.

Quite an irony that such should be the fate of M&G, the renowned value investor.

Philip Coggan@FT.com

Lower and lower

10-year gilt yield



■ Highlights of the week

	Price	% change	52 week high	52 week low
FTSE 100 Index	6195.5	+52.7	6105.8	4251.7
Diageo	895	+82%	1017%	310
St Universal	75	+41	85	55
Highland Park	327%	+25%	347	250
Intermed Capital	552%	+86%	555	315%
JJB Sports	636	+126%	623%	368%
London Club	180	+13%	407	183%
M & G Group	1550	+172%	1555	1112%
Nero 4	430	+55	452%	312%
Pace Micro	82%	+31	235%	23%
Perpetual	402%	+477%	420	215%
RMC	1000	+53	1147%	740%
Standard Chartered	972	+112	1052%	520
Thorn	203%	+51	259%	135
Yorkshire Group	150	-47	243	150

Barry Riley

## Catching up on the capital

Are house prices booming? No one seems sure



Easter is the time when estate agents' mobile telephones become busy and curious visitors wander through the show houses, admiring how the compact furniture has been specially selected so as to make the hovels appear passably spacious.

Over the past year, the UK's house market has become more active. But is there a boom, or not? The statistics speak with forked tongues. Prices nationally have risen by 12.3 per cent over the past year, including 0.8 per cent in March, says Nationwide building society. No: the annual rate is only 5 per cent and will stay there, insists Halifax, the UK's biggest lender with some 19 per cent of the national mortgage book.

At any rate, that is the kind of Goldilocks-style increase Halifax would no doubt like to see. Lenders need to strike a delicate balance between encouraging house-buyers and soothing the inflation worries of the Bank of England's monetary policy committee. In the event, the MPC, at its Maundy Thursday meeting, once again declined to put up interest rates.

The discrepancy between the two main house-price indices is a mirror image of the divergence in 1990, the last year in which they gave radically different answers. Then, Halifax estimated a national rise of 0.5 per cent while Nationwide reckoned prices had fallen by 11 per cent.

Presumably, such differences reflect the great north-south

divide. In 1990, London prices had begun to crash while values were still rising in the north.

Today, Halifax shows 15 per cent rises in London while values in Scotland and Yorkshire (to take the worst regions) have been declining slightly, incidentally, government figures, although less up to date, appear to lean more towards Nationwide's version of events than Halifax's.

Owners have accepted that property is not an automatic route to wealth accumulation

All the same, this is plainly not a 1990s-style boom. Remember that year-on-year Halifax price growth peaked at an amazing 34 per cent late in 1988. At the same time, the growth in outstanding mortgage balances was 22 per cent a year, whereas today it is only 5 per cent.

In any case, home-buyers are quite highly geared: the average existing loan of £40,600 represents 82 per cent of the average dwelling value, up from the equivalent 45 per cent in 1988. Inflation does not pay back mortgages like it used to.

More than 5m of the UK's 16m homeowners, however, are unmortgaged. After the debacle of the early 1990s, when statistics of negative equity were tracked much more anxiously, owners in most parts of the country have accepted that their property does not represent an

automatic route to wealth accumulation. In 1988, homes represented as much as half of total household wealth, but the proportion has now dropped to a third. Share prices have outperformed house prices hugely in the 1990s by gaining well over 100 per cent against perhaps 15 per cent nationally. Yet, to find an old-fashioned house market boom, you need go only as far as Ireland.

Second-hand house prices in Dublin rose by 25 per cent last year. A freak combination of 9 per cent economic growth and tumbling interest rates – the latter being thanks, of course, to the impending adoption of the euro – has unleashed familiar forces.

Indeed, similar conditions have been seen in central London, and a few other favoured UK locations, where enormous City bonuses and the proceeds of executive option packages have been rolled over into scarce bricks and mortar.

Since the peak of the 1990s' boom, governments have ceased to subsidise British homeowners on the former scale which led to the cost of mortgage interest tax relief (Miras) in 1990-91 reaching almost £10bn (in terms of 1998 money). Relief is now restricted to 10 per cent of the interest on the first £30,000 (the average new loan is nearly £50,000) and will

cost only about £1.5bn in 1998-99.

Last month's Budget left this residual relief intact, but it also raised the stamp duty rate on expensive property to 3 per cent – a gesture, perhaps, towards convergence with the more stable continental European residential property markets where transaction taxes are much higher still.

We should, however, note suggestions in Ireland that very high rates of stamp duty there (8 per cent at the top end) have served to create supply shortages and exaggerate the price rises.

No doubt the residual Miras will be withdrawn over the next year or two. Generally, however, the outlook for UK house prices is good. Leaving aside the Chelsea-type bubbles seen in London, values up and down the country are historically fairly low in relation to average earnings, which are buoyant.

An Irish-style euro effect is possible if the UK converges with the "Euroland" bloc. Interest rates will come down, anyway, if the economy cools, and the present fat lending margins in the mortgage industry are ripe for erosion: they were protected last year only because the market leaders, Halifax and Abbey National, with 38 per cent of the outstanding mortgage stock between them, backed right away from new lending where their combined share was only 10 per cent.

You never know, Easter might even cheer them up in Scotland and Yorkshire.



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مكتبة الامير







## FT WEEKEND

## True Fiction

## Trading on a veneer of authenticity

Today's entrepreneurs have a lot to whine about. Michael Thompson-Noel offers the solution

**L**ife can be cruel, especially to those who own and run businesses (or, in my case, own and run conglomerates).

The other day, my heart went out to a 70-year-old Cornish winemaker named Ted Jeffries who was commanded by Falmouth magistrates to pay £5,000 in fines and costs after pleading guilty to topping up his winery's output by selling stuff made from do-it-yourself wine kits.

Jeffries, the court was told, bought five acres of farmland on the Lizard peninsula in the late 1980s, with the intention of turning it into a vineyard. But things started slowly, and he did not produce any grapes until 1995.

According to a report of Jeffries' appearance in court: "A wine inspector who knew the vineyard's sorry history became suspicious when he came across a bottle labelled as a 1992 vintage. 'There was no harvest at all from 1991 to 1994,' said the prosecution..."

"An inspection revealed that

the wine was in fact anything but estate grown and bottled. The wine had been made at [Jeffries'] Porthallow vineyard, but from wine kits. The inspector came across fermentation tanks, empty wine-kit boxes and wrappers scattered around. Mr Jeffries admitted the offences straight away."

Probably, said the prosecutor, Jeffries had made 4,000 to 5,000 litres of wine from the kits, which he sold at 25 pence per bottle - far more than the cost of production.

Naturally, there were things to be said on Jeffries' behalf, as well as things against him. The man himself said his customers "were certainly happy with the wine that they were getting."

They tasted it beforehand." And his lawyer told the court that, at 70 years of age, Jeffries did not find it easy dealing with the "incredible amount" of European regulation that businessfolk have to contend with. EU regulations were "an absolute minefield".

How deeply and importantly true that is. An absolute minefield. So shocked by the Jeffries case was I that, several days later, I called a meeting of the main board of the private (and slightly weird) conglomerate I control. It is called TLBC, short for The Land Beyond Cool, which is rather a dull name. At TLBC, dull is our favourite word.

Conglomerates are out of fashion in the investment

community, but their time will come again - even, I trust, for small, top-sliced, strategically unfocused, non-cutting edge, deep-inside-the-envelope, up-sized, non-virtual and only microscopically profitable conglomerates such as TLBC.

Nevertheless, I rule with an iron hand when I must. Which is why, mortified by that Cornish winemaker's fate, I summoned, on Tuesday, a meeting of TLBC's main board. The first individual I quizzed was Martina Kornheiser, the captions, unskirted, chain-smoking individual who runs TLBC's not-quite-insolvent furniture company, which makes pieces in mahogany and other rare woods.

"Everything OK in the world of mahogany?" I asked

Kornheiser quietly. "Any cutting of corners? Little spots of subterfuge? Anything I should know about, Martina?"

Kornheiser lit a Marlboro 100 cigarette. Sucked at it vampirically. Studied her mercuric nails. Consulted her platinum wristwatch. Sighed like a tragedienne.

"Well," she said at last. "I believe I may not have told you, Michael, that our use of actual mahogany has fallen steeply. Only 4 per cent of our mahogany furniture is now made from actual mahogany. The rest is strictly ersatz."

"That is outrageous," I screamed. "You specialise in mahogany. Mahogany is what you do. You make mahogany furniture and sell it for good

prices. What do you mean, ersatz?"

"Increasingly," said Kornheiser vampirically, "we are using a mahogany substitute - a sort of plastic stand-in - made expressly for us by an outfit in Haarlem. Have you any idea, Michael, where the Chicago May-delivery price for genuine mahogany has got to? It is astro-unbelievably-nomical. We couldn't possibly use real mahogany these days in anything but a fraction of our output."

"Do your customers know they're getting some plastic substitute instead of real mahogany?" I asked.

"I doubt it," said Kornheiser. "But to cover ourselves, we use phrases in our literature such as

'mahogany effect', or 'spirit of mahogany'. Anyway, our customers are exclusively high-end, six-figure, super-nesting, thirty-something post-modernists. They do not trust the concept of authenticity. Instinctively, they agree with eminent art scholar Mark Jones's assertion that today's consumers know that at the prices they are paying, they cannot be buying the real thing. Instead, they are acquiring the illusion of status, of belonging, of success, conferred, in our case, by association with a famous but now impossibly expensive natural material: forest-felled mahogany."

"Attitudes to so-called fakes have changed, Michael. Mass-produced objects made from cheap materials are cool. And our customers are really not in favour of hacking down the rainforest. They believe genuine mahogany should stay where it is. What they want in their homes is an ancestral echo of mahogany. Got it, Michael?"

Saying which, she flounced off to catch Concorde.

Isaac Newton's less well known role was saviour of the money supply. Nicholas Leonard explains how he defeated currency fraud

**W**orkmen digging a trench under a London street last month were surprised to sniff a pungent but familiar smell wafting through the rubble. The odour of horse manure had been preserved in the airless environment under the tarmac. If they had been digging under the laws by the Bell Tower at the Tower of London, they would also have found centuries-old dung, but it would have been mingled with the metallic debris of the Royal Mint.

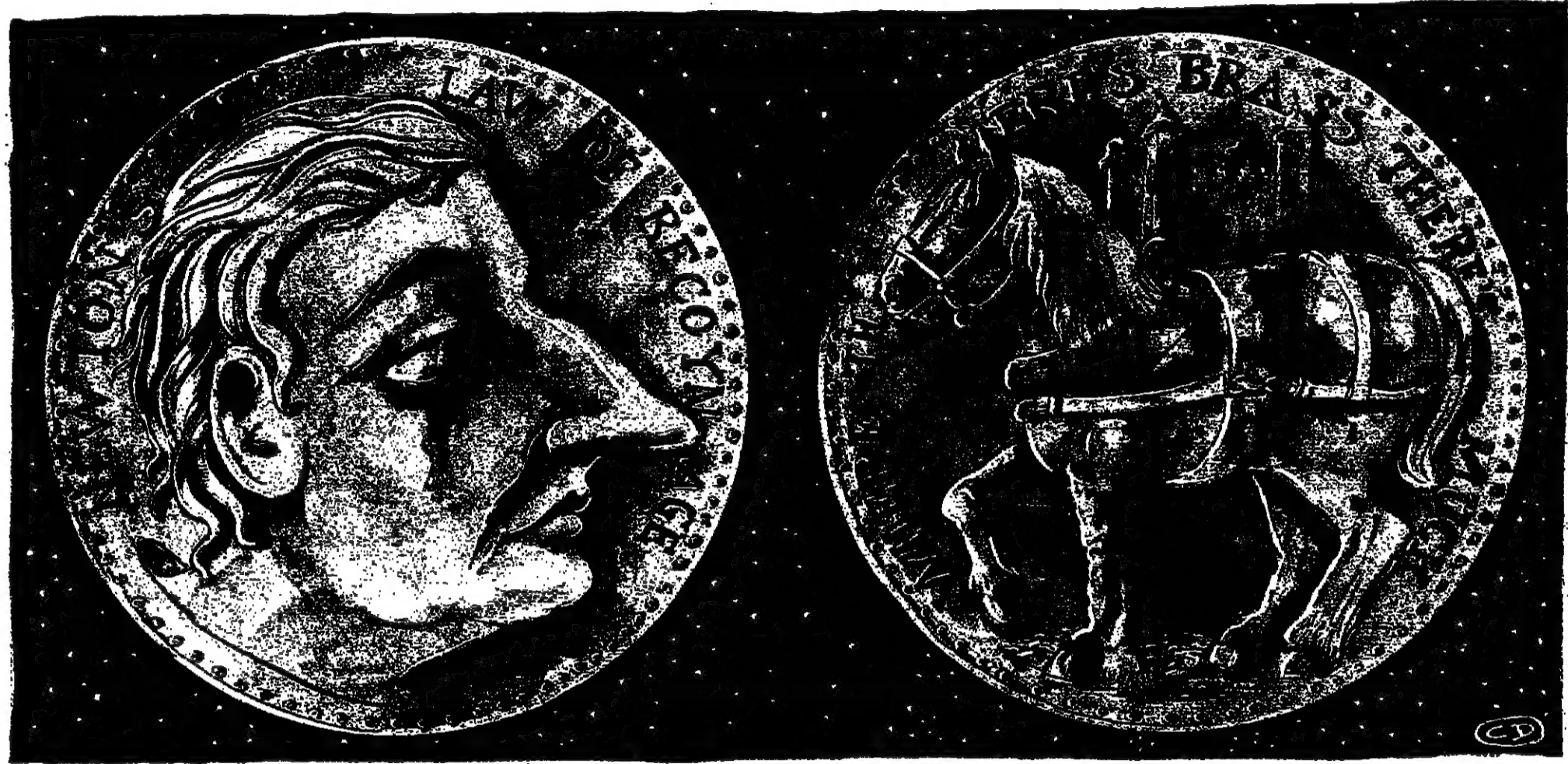
In the final years of the 17th century, the Mint was the setting for one of the most controversial episodes in the history of the British economy. At the centre was Isaac Newton, whose role in transforming the nation's currency system has understandably been overshadowed by his discoveries in mathematics and physics.

Newton did more for succeeding generations than reveal the numerical and physical data which contributed to the industrial revolutions. He also played the crucial role in what became known as "The Great Recoinage", whose resolution 300 years ago remains a lesson for all the keepers of a currency, existing and new.

The Roman historian, Herodotus, claimed that the kings of Lydia, in the eighth century, were the first to make coins from gold and silver. Whatever the origins, the societies which used coins shared a common fate: they found it difficult, often impossible, to maintain the integrity of the currency. The clipping of coins, to get valuable shavings of metal which could be melted down and sold, was for long a universal practice, as was counterfeiting.

Subverting the currency was not just a way of life for criminals. It was also a frequent resort for kings and emperors who tried to balance their budgets by surreptitiously reducing the amount of genuine gold or silver in the coinage.

In the second half of the 17th century, clipping and counterfeiting escalated in Britain. A new technique for minting coins had been invented in France. It made clipping impossible, and counterfeiting much less practical, by producing coins which



## Metropolis

## Scourge of the counterfeiters

either had their edges milled or provided with an inscription. The first wording on British coins was *Deus et Tutamen* - a decoration and a safeguard. The same phrase was chosen for the one-pound coins in use today.

The Treasury started producing the new-style coins in 1662 alongside the existing ones, but this half-hearted approach failed. Criminals began to melt them down for resale on mainland Europe where they commanded a higher price for the metal content than their face value in Britain.

Meanwhile, public mistrust of earlier coins, many mutilated by clipping or simply forgeries made from cheap metals, such as tin, reached such a point that there was social unrest.

The government embarked on a drastic solution. It decided to replace the entire national coinage. All coins in circulation were officially declared to be of no value - with two exceptions: for a limited period they could be used to pay taxes or make loans to the king. The effect of this

decision was to insulate the better-off from the more severe consequences of The Great Recoinage.

The withdrawal of old coins began in January 1666 and by the summer of that year the commercial life of Britain had degenerated into anarchy and chaos with barter becoming commonplace. William Lowndes, secretary to the Treasury, noted: "Great contentions do daily arise among the King's Subjects, in Fairs, Markets, Shops..."

The problem was not only that the majority of the population had been deprived of purchasing power by the ban on using their paltry savings of existing coins but also that the Mint could not produce sufficient of the new coinage to keep pace with demand.

It is a problem that returns to haunt us today. Visit a London post office and you may see the following notice: "Due to production problems at the Royal Mint we are experiencing a shortage of bronze coin. If you have any bronze coins you would

like to exchange for notes or higher-value coins please bring them in."

The man who rescued the government from its plight and restored the money supply in the most literal meaning of that phrase was Isaac Newton. His appointment as warden of the

**There were 19 executions for coinage crimes in the London area in 1697**

Mint was engineered by the chancellor of the day, Charles Montague, who had been an undergraduate at Cambridge where Newton was a professor.

By the time of the currency crisis, Newton had already achieved widespread celebrity for his scientific work but he was becoming increasingly restless at

Cambridge and was also anxious to improve his financial position. Montague wrote to Newton on March 19 1696, saying he would not suffer the fate of "the lamp which gave so much light to want oil".

The "oil" was £400 a year for what Montague assured Newton would be a sinecure - the salary would be the equivalent of around £100,000 today - though he was forced to swear an oath of secrecy not to disclose to anyone else "the new invention of rounding the money".

The Mint and the new equipment were located between the inner and outer walls of the Tower of London near the Byward and Bell Towers.

The 500 employees worked in ramshackle, two-storey wooden buildings. Machinery for making the new coins was driven by relay teams of 38 horses working from 4am each day until midnight.

Newton, to his chagrin, found that as warden he was not in charge of the Mint but only second in command to the master.

Thomas Neale, who is described by Newton's latest biographer, Michael White, as "a lazy gambler and heavy drinker".

But Newton devised an early version of the productivity study, reorganised the process and hugely lifted the rate of coining. By 1698, the Newtonian theory of monetary production was working and the immediate crisis was over; the Mint, together with the provincial mints which Newton had established, were producing sufficient coins to satisfy demand.

It had been an expensive exercise. Sir John Craig says: "The total cost to the Treasury and to remote or ignorant owners of coins must have been some £5m - more than a year's revenue of the government."

Newton became obsessive about the integrity of the currency and devoted much of his time to tracking down counterfeiters, often at great risk. The ultimate penalty for those found guilty was death by hanging and there were 19 executions for coinage crimes in the London area in

1697, eight in 1698, but none by 1700.

One of his biographers, F.E. Manuel, believed that Newton's drive against fraud was motivated by deep-seated psychological pressures: "At the Mint he could hunt and kill without doing violence to his scrupulous puritan conscience. The blood of the coiners and clippers nourished him."

He had made a point of attending the executions of those whom he had taken to court, but his basic motivation was probably much more straightforward: he had, almost single-handedly, salvaged the integrity of Britain's money and did not intend to allow it to be undermined again. In a reversal of Gresham's law, good money had eventually driven out bad.

■ *Newton at the Mint by Sir John Craig (Cambridge University Press, 1946). Isaac Newton: The Last Sorcerer by Michael White (Fourth Estate, 1997). A Portrait of Newton by Frank E. Manuel (Da Capo, New York, 1968).*

## Arcadia

## Toto, this is definitely Kansas

The locals tell Holly Finn that the sociologists are wrong about the death of rural America

**K**ansans want to make one thing clear: they don't give a damn about *The Wizard of Oz*. If that's all you know about the Sunflower State, they have some choice names to call you. Funny, Dorothy took the same approach with the Scarecrow. When he didn't understand why she would want to go back to the "dry, grey place you call Kansas", she crisply told him: "That's because you have no brains."

Natives of the nation's breadbasket know where they stand - at the dead centre geographically of the United States - and are assertive about their place. But the time when others acknowledged their merits seems to have passed. Benjamin Franklin said of rural people: "They are the most vigorous, the most independent, the most virtuous." Today the rest of the country chews its wheat bread unappreciatively, so the Heartland boosts its own ego.

About 100 miles south-east of the country's actual bull's eye is a town of 45,000, hopefully named Manhattan. "The Little Apple" was settled in 1855 by pioneers from the east and sits at the intersection of the Kansas and Big Blue rivers, just north of the interstate highway that cuts hori-

zontally across the state. Between the rumpled topography of Missouri to the east and even more creased Colorado to the west, Kansas is ironed flat. Says Manhattanite Kevin Pierce: "Any fool can appreciate mountains. It takes something else to appreciate this subtle beauty."

Staying in downtown Manhattan, I learn that Truman Capote (and Harper Lee) stayed next door while he (they?) wrote *In Cold Blood*, about the murder of a Kansas farm family who happened to have been friends of Kevin's grandfather. Gloria Vanderbilt lived two doors down on the other side while her husband was stationed at Fort Riley army base.

In a recent article, *The Non-economic Value of Rural America*, the sociologist Clifford Beale worried that because four-fifths of the US population now live and consider metro areas the

source of national progress, "there would seem little hope that rural America can avoid the slightly déclassé, out-of-the-loop social status that most urban Americans probably consign it to, whether consciously or not."

But the Manhattan of the Midwest defies you to be even a little snooty, though its residents occasionally are. They consider themselves relatively rural, actual farmers extremely so. Part-time doyenne, 81-year-old Barbara Wilson relaxes in her living room in a purple pant-suit and red-rimmed glasses and tells me about her late husband's dismay when their daughter, sent to college to marry a lawyer, picked someone else. "A farmer, my God!" he said. "I've dealt with farmers all my life and they're always in debt."

The town's much younger, hip doyen-to-be, Mary Alice Hodgson, talks about hog-farm pollu-

tion over beers at Auntie Mae's in Aggleville, a glossy subsection of town named after its proximity to Kansas State University of Agriculture and Applied Science. "Don't worry about your hair-spray," Mary Alice tells me; "it's the pigs that are affecting the ozone layer."

**B**ut toxic pigs are not going to move Mary Alice. She is content in Manhattan, working at a jewellery shop and at the Dusty Bookshelf. When she talks about the land, she swoons just a bit. "When the wheat is grown and the grass gets waxy, it looks like an ocean. And there's something about seeing forever."

Not far south-west of Manhattan, I have lunch with my innkeeper's father, Ken Pierce, in the Amish town of Yoder. Menonites live nearby, descendants of those who brought turkey red

wheat from Russia in the 1870s. Ken's father was, and his brother and nephew, Cameron, are, farmers of wheat, milo and alfalfa. When I question the cost-effectiveness of certain genetically engineered seeds, Ken is surprised. "I thought you'd be just another silly New York girl," he says.

We share a traditional fried steak with mashed potatoes and white gravy and eat huge hunks of chocolate-peanut butter pie that cost \$1.75. Cameron notices a purple bracelet around his uncle's wrist and asks what the initials WWJD stand for. "What Would Jesus Do?" Ken answers, explaining that it is meant to remind you how to behave. "I told someone the other day that it was defective," he laughs. Then he says to me: "This is the buckle of the Bible Belt."

Driving around his farm in a pick-up, Cameron tells me how to

pronounce correctly the nearby Arkansas River (it's "Our Kansas") and points out the heaps of compost that belong to his father, something of an eccentric because he farms organically. "In principle, I agree with what he's doing. In financial terms, I just can't swing it," smiles Cameron. He is married with a new baby, and perhaps the most adult 29-year-old in America.

In the summer 1997 issue of the *Review of Agricultural Economics* an article's title asks, "Have Farmers Lost Their Uniqueness?" The authors' answer is No. The attributes of farm life still influence the rest of American society. Specifically, "people who have no present plans to leave the city may place *insofar* value on family farms insofar as they want these farms to be there in case they drive through the country in the future."

On my last night in town, I meet a PhD in analytical chemistry for a drink at the Gin Mill. Nathan Chaffin is unusual. He left Manhattan, like many of his peers, but has come back to work for his brother's company, Aero-Survey, devising methods to detect chemical vapours in the air and thus hazardous toxicity levels.

Pig pollution comes up again; people have died after falling into pools of waste. Despite the dangers, Nathan is here by choice, which he believes in.

While a man at the counter in a T-shirt whose back reads, FRIENDS DON'T LET FRIENDS LIVE DANCE, orders a 50 cent jello-jiggler, I tell Nathan that other than the inaccessibility of large bodies of water, the Little Apple seems a great place to live. Like the big one, its orbit tends to draw people in and keep them. "This place does have a certain gravity," he says. As Damon Runyon, born in Manhattan, Kansas, would have added: more than somewhat.

*Chaffin, pp. 122-123; 1. Ken's (purple) hat made by 2nd Gen (Wichita) out of (mowed) 3rd Gen (H&M) 4th Gen (H&M) White reynolds. His rock must move. (H&M) Black reynolds by 2nd.*